Daily Report

Latin America

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FBIS-LAT-95-037 *24 February 1995*

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Guarantor Countries Demand Respect for Cease-Fire

PY2302171395 Madrid EFE in Spanish 1455 GMT 23 Feb 95

[FBIS Translated Text] Brasilia, 23 Feb (EFE)—The guarantor countries in the Peru-Ecuador conflict today reported that the cease-fire agreed by the two countries in Brasilia is not being respected. They demand that hostilities be suspended so that the observer group can be sent into the zone.

The chief of the so-called "reconnaissance group" which traveled on 21 February to the conflict zone, Brazilian General Ariel Pereira de Fonseca, reported on 22 February from Coangos (Ecuador) that the cease-fire has not been totally respected and expressed concern.

Fernando Reyes, the Brazilian Foreign Ministry Political Affairs under secretary, summoned the ambassadors of the guarantor countries to analyze the situation.

Reyes, Argentine Ambassador Alieto Guadagni, Chilean Ambassador Heraldo Munoz, and United States Ambassador Melvyn Levitsky met for two hours and decided to summon to Itamaraty Palace Ecuadoran Ambassador Cesar Valdivieso and Peruvian Ambassador Alejandro Gordillo.

In a declaration, the guarantors urge the Ecuadoran and Peruvian Governments to respect all the terms of the "Itamaraty Peace Declaration" signed on 17 January which temporarily ended the undeclared war between the two Andean nations.

The guarantors also promised to send a mission of observers as long as the cease-fire is respected, which the coordinator of the "reconnaissance group" says has not been totally been accomplished.

"We guarantors deplore the loss of human lives," the diplomats told their colleagues from Ecuador and Peru whom they urged to "inform as fast as possible their respective capitals" of their position.

"Goodwill must prevail," they said in their declaration.

Brazilian Foreign Ministry spokesman Antonio Simoes said: "We hope this call will ensure that dialogue will be resumed."

The "reconnaissance group" of the observer mission from the guarantors of the Rio de Janeiro Protocol, which established the border between the two countries, traveled on 21 February to begin the inspection and watch task in the Amazon jungle.

The so-called "reconnaissance group" will make an initial evaluation of the land and verify the separation of the troops before the observers travel to the area. This "reconnaissance group" must return to Brasilia on 25 February.

Threaten To Suspend Observers Mission

PY2302220895 Madrid EFE in Spanish 2029 GMT 23 Feb 95

[FBIS Translated Text] Brasilia, 23 Feb (EFE)—The main delegation of observers that is scheduled to travel next week to the area disputed by Ecuador and Peru will be suspended if the confronting parties do not end their military actions, the guarantor countries of the conflict warned today in Brasilia.

The guarantors—Argentina, Brazil, Chile, and the United States—this afternoon began a new round of meetings to assess the situation on the border between the two Andean nations, which remains tense despite the cease-fire agreement signed on 17 February in Brasilia.

Representatives from the guarantor countries have resumed their peace negotiations, expressing their "great concern" over the aggravation of the situation in the strip of the Amazon basin that serve as a borderline between the two countries, where the armed confrontations are taking place.

Brazilian General Ariel Pereira da Fonseca, coordinator of the advance group that traveled ahead of the guarantors' delegation, has confirmed that intensive combat is being waged in the zone.

Vera Machado, spokeswoman for the Brazilian Foreign Ministry, said that according to the Itamaraty Peace Declaration, the main delegation of observers accepted by Ecuador and Peru will travel to the place only when the cease-fire has been verified and the troops have been placed in the places agreed upon by the two countries, with the mediation of the guarantors.

This delegation intends to leave for the zone early in March.

Brazilian Foreign Minister Luiz Felipe Lampreia today also met with his counterparts from Argentina, Chile, and the United States, and also with those of Ecuador and Peru, for a number of consultations.

Lampreia said: "All foreign ministers have agreed that the situation in fact remains tense in the region, but also that not all resources have been exhausted toward reaching a solution."

The guarantors feel that the confronting parties are not fulfilling the commitments assumed in the Peace Declaration signed on 17 February.

Vera Machado, the Brazilian Foreign Ministry spokeswoman, said that the advance group that has already visited Ecuador is now in Peru, and will return to Brasilia on Saturday.

She warned, however, that if the current situation prevails, the visit of the observers would be postponed, because the conditions are not appropriate for guaranteeing their safety.

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Vera Machado recalled that the declaration makes clear reference to the fact that only with a cease-fire would the mission of the observers be put into effect, and that this is not being observed.

Mexican Foreign Secretary on Effects of Financial Crisis

PA2402043695 Mexico City NOTIMEX in Spanish 2118 GMT 23 Feb 95

[FBIS Translated Text] Panama City, 23 Feb (NOTIMEX)—Mexican Foreign Secretary Jose Angel Gurria Trevino today stressed to his Central American, European, and Group of Three (G-3) counterparts the need to fight financial speculation.

He noted that the impact that the Mexican crisis has had in the international economy has revealed the level of integration and interdependence that exists in the world, which explains the need to prevent financial speculation worldwide.

Gurria Trevino, who participated in the plenary meeting of the San Jose 11th Ministerial Conference being held in this capital, also denied that the current economic crisis in Mexico is due to excessive indebtedness.

International economic health is the result of the state's productive and financial strength. This makes it necessary to explore "mechanisms to fight speculation and encourage the development of a real economy," he said.

Central American foreign ministers and delegations from the EU and Central America are participating in this ministerial meeting. They were joined by the foreign ministers of the G-3 (Mexico, Colombia, and Venezuela)

The new international economic structure must firmly counter the broadening of the gap between rich and poor, which is a source of grave instability, public insecurity, and social stagnation, Gurria said.

"This is the main cause of international problems such as massive immigration, environmental destruction, crime, and political instability," he said.

Regarding the Mexican financial crisis, he said that it resulted from the accummulation of overdue short term papers, but not from overindebtedness. He added that the IMF and the World Bank can confirm that.

Gurria said that with the recent agreement, which guarantees international economic support for over $50 billion, "it will be possible to reschedule" domestic debt payments up to 10 years.

According to Gurria, this will enable Mexico to stabilize markets and recover a positive growth rate.

"We are confident that the current difficulties will be transitory and that very soon the uncertainty affecting the markets will dissappear, once the effects of the financial aid package are felt," he stressed.

In the political field, Gurria reiterated that the Mexican Government has restored the state of law in the southern Mexican State of Chiapas, after an Indian armed rebellion that began in January 1994.

The administration of President Ernesto Zedillo insists on dialogue as the means to solve the crisis in Chiapas.

Gurria stressed that the Mexican congress is studying an amnesty bill aimed at "making political understanding and negotiation prevail over violence and confrontation."

"The Mexican Government has committed itself to revitalize economic and social development in the country's most neglected regions," he said.

"We are facing the challenge of developing healthy public finances that will truly benefit society," he stressed.

The ministerial conference inaugurated this morning will end tonight, when participants will sign the "Panama Declaration," which NOTIMEX had access to and which, among other things, refers to the Central American integration and international markets.

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Cuba

Government: U.S. Visits To Island Will Violate Sovereignty

PA2302190595 Havana PRENSA LATINA in Spanish 1719 GMT 23 Feb 95

[FBIS Translated Text] Havana, 23 Feb (PL)—A Cuban Foreign Ministry spokesman said today that Cuba's national sovereignty will be violated once again if the United States eventually authorizes U.S. residents to visit relatives detained at the Guantanamo Naval Base.

Luis Delfin Perez, the Foreign Ministry's assistant director for Latin America, said at a news conference that an action of this type, which has been mentioned in press reports, would be taken in Guantanamo, a territory that has been occupied by the United States illegally and by force.

It would also constitute an act of hypocrisy because it is precisely the U.S. Government that is blocking relations between Cubans who live in the United States and their relatives in Cuba. Perez, acting as a spokesman for the Cuban Foreign Ministry, mentioned the official U.S. provisions that prohibit travel to Cuba as well as the remittance of money to relatives on the island.

During his statement, Perez pointed out that if the U.S. Congress approves the bill presented by Senator Jesse Helms, who favors increasing the economic and trade blockade against Cuba, the island will [unfinished sentence as received].

Foreign Trade Minister on Increasing Trade With PRC

PA2302194895 Havana PRENSA LATINA in Spanish 1026 GMT 21 Feb 95

[FBIS Translated Text] Beijing, 21 Feb (PL)—Cuban Foreign Trade Minister Ricardo Cabrisas said today he feels highly satisfied and optimistic over results of the seventh session of the Cuba-PRC Intergovernmental Commission, held in this capital.

We are going to increase trade toward the end of 1995, not steeply, but that increase will mark a recovery, Cabrisas told PRENSA LATINA after signing the meeting documents with his Chinese counterpart, Wu Yi.

Cabrisas said the drop in bilateral trade concerns the affected sugar production and its availability for export.

The basic causes for the Cuban situation are known: the brutal, U.S. imposed economic blockade for more than 30 years, together with the crumbling of the Soviet Union and the disappearance of the socialist bloc, the minister said.

Nevertheless, despite this unfavorable time, he added, trade with the PRC has been maintained during these five years and especially the last three at least in basic productions for the Cuban economy.

Cabrisas said that based on the island's 1994 economic results and prospects for the start of the sugar industry recovery, the basis to reactivate trade to traditional levels was reviewed and created at the seventh session of the intergovernmental commission.

Of course, he said, a key element in this process is the decision by both governments that trade be developed on a different basis beginning in 1996.

Cabrisas said that with the promotion of direct links between both countries' business sectors, not only similar results will be obtained, but there will be a revitalization that is so important for bilateral economic relations.

Also discussed in Beijing, Cabrisas added, was the diversification of trade with the appearance of new Chinese economic organizations, and it was decided to explore the potentials of the Cuban market, not the traditional markets, but, especially, foreign investments.

I feel truly optimistic, stated the minister, because once again China's resolve can be seen in continuing to support, within its means and capability, Cuba's decision to move ahead in the building of socialism and defense of its achievements.

Foreign Trade Minister Meets DPRK Premier

FL2302181795 Havana Radio Reloj Network in Spanish 1504 GMT 23 Feb 95

[FBIS Translated Text] DPRK Premier Kang Song-san met today in Pyongyang with a delegation from the Cuban Government headed by Foreign Trade Minister Ricardo Cabrisas. The meeting held at the Mansudae Assembly Hall, was described by news sources as friendly. Yi Song-tae, chairman of the State External Economic Affairs Commission, and Cuban Ambassador to Korea Jose Ramon Rodriguez also attended.

Cabrisas stressed the importance of continuing to develop bilateral ties of cooperation between both nations in every sphere. After stressing the DPRK's achievements under the leadership of the late President Kim Il-song, Cabrisas expressed confidence in the North Korean people registering even greater achievements.

Joint Commission With Iran Begins Cooperative Efforts

FL1802192195 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] A joint Iranian-Cuban commission began work to strengthen cooperation in the trade, industrial, cultural, and health sectors on 18 February in Tehran. The Iranian delegation, headed by Agriculture

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Minister 'Isa Kalantari, highlighted the need to increase bilateral cooperation, particularly in the economy and fishing sectors [as heard], and to implement bilateral accords signed in the past.

Ernesto Melendez, minister of Foreign Investment and Economic Cooperation, who heads the Cuban delegation, stated that Cuba showed some signs of economic recovery in the last three years despite the economic depression following the fall of the socialist bloc, particularly of the Soviet Union.

Iranian Commerce Minister Backs Oil-Sugar Trade

FL2102223695 Havana Radio Rebelde Network in Spanish 1800 GMT 21 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] The Iranian press has given generous coverage to the fifth session of the joint ministerial commission between Cuba and Iran, which culminated in the signing of a cooperation protocol. The newspapers TEHRAN TIMES, IRAN NEWS, KAYHAN INTERNATIONAL, and the news agency IRNA, placed special emphasis on the possibility of Cuba acquiring 1 million tons of petroleum and Iran an equal quantity of Cuban sugar to cover their demand in the upcoming months. Iranian Commerce Minister Yahya Ale-Eshaq expressed Iran's willingness to take practical measures to acquire Cuban sugar directly while Cuban Foreign Investment Minister Ernesto Melendez expressed optimism over the signing of several trade agreements and the possibility of expanding relations and exchange between the two nations.

Chilean Delegation Begins Arriving in Havana

FL1802161695 Havana Radio Rebelde Network in Spanish 1000 GMT 18 Feb 95

[From the "Doing Radio" program]

[FBIS Translated Text] An advance party of the Chilean Party for Democracy delegation has arrived in Havana in response to an invitation from the Communist Party of Cuba. The Chilean mission will complete an extensive agenda, including visits to places of economic and scientific significance, and will meet ministers and other government officials.

Another Chilean delegation, of the Socialist Party, headed by the party's president, Camilo Escalona, will begin arriving in Havana on 19 February.

Seeking Reestablishment of Ties

FL2002030795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] The Chilean Socialist Party [PS], one of the main political groups in the government coalition, is seeking the reestablishment of diplomatic ties with Cuba as soon as possible. This statement was issued by PS president, Camilo Escalona, who will arrive tomorrow in Cuba at the head of a high-level delegation from Chile. The delegation includes Chilean Vice President Isabel Allende, daughter of the late president Salvador Allende; Senator Ricardo Nunez; former Foreign Minister Clodomiro Almeida; and Deputy Secretary General Osvaldo Andrade.

Meets With Robaina

FL2202030495 Havana Radio Rebelde Network in Spanish 0000 GMT 22 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met with the Chilean Socialist Party [PS] delegation visiting Cuba. The delegation, which was invited by the Communist Party of Cuba, is headed by PS president Camilo Escalona, and includes Chilean Vice Presidents Isabel Allende and Ricardo Nunez [as heard], former Foreign Minister Clodomiro Almeida, and Deputy Secretary General Ubaldo Andrade.

Robaina and the Chilean political leaders discussed the progress of the meetings held in Cuba, and addressed several international issues, as well as issues of interest to both countries. Another visiting Chilean delegation of the Party for Democracy met today with Carlos Manuel de Cespedes, secretary of the Cuban Episcopal Conference, and city historian Eusebio Leal. The delegaton also toured the neurology center.

Meets with Fidel Castro

FL2202194495 Havana Radio Rebelde Network in Spanish 1800 GMT 22 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Cuban President Fidel Castro has met the Chilean Socialist Party and Chilean Party for Democracy delegations currently on official visits to Cuba at the Cuban Communist Party Central Committee's invitation. PRENSA LATINA reports that issues of mutual interest were broached and important aspects of the current situation in Latin America and international affairs were discussed at both meetings. The Socialist Party delegation that met Fidel included party President Camilo Escalona, Vice Presidents Isabel Allende and Ricardo Nunez, former Foreign Minister Clodomiro Almeida, and Deputy Secretary General Osvaldo Andrade. The second delegation—from the Party for Democracy—included party President (Jorge Saulchon), Secretary General (Patricio Gel), and International Relations Secretary (Jorge Taruch). Both delegations are conducting a broad program of meetings with diverse local organizations and have toured economic and scientific centers.

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Meetings With Fidel Castro Viewed

FL2302224495 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Chilean Deputy Isabel Allende said in Havana today that the people's Socialist Party opposes any attempts to isolate Cuba and supports the idea of Cuba and Chile reestablishing full diplomatic relations. The daughter of late President Salvador Allende, who is visiting Cuba as part of a delegation from her party, affirmed: This shows the public that we support full Cuban-Chilean diplomatic relations. Allende said that her return to Havana after four years away brings back many memories and emotions. Allende described her delegation's meeting with Commander in Chief Fidel Castro as pleasant and long and as covering the challenges Chile is facing.

Jorge Schaulsohn, president of Chile's Party for Democracy, is equally pleased with the results of his delegation's visit to Cuba. Schaulsohn told PRENSA LATINA that the meeting with President Fidel Castro was a completely open dialogue during which every issue was broached with total honesty. Schaulsohn added: We listened attentively to the Cuban Government's views and expressed our opinions on the most vital problems our peoples face. Schaulsohn described as primitive the conservative Chilean sectors which protested the visit to Cuba, adding that they fail to understand what is happening in the world. The Party for Democracy delegation has met government officials, Catholic Church representatives, and the people in general. Schaulsohn added: Our understanding of the Cuban process of change has been updated.

Ambassador From Panama on Expanding Ties

PA2102192195 Havana PRENSA LATINA in Spanish 2339 GMT 20 Feb 95

[FBIS Translated Text] Havana, 20 Feb (PL)—Rafael Moreno Saavedra, Panama's ambassador to Cuba, said today that his country is interested in increasing trade and economic relations with the island.

We want to increase bilateral ties and receive technical assistance in areas that this country has developed well, such as sports and education, Moreno Saavedra said during a meeting in Havana at the Cuban Institute of Friendship With Peoples.

He also said that Cuba has important biotechnical products to offer the Panamanian and Latin American markets in general.

We are very similar people as far as customs and traditions are concerned. That is why, the diplomat stressed, we must struggle to become even closer as sister countries.

Moreno Saavedra, who his credentials as new ambassador in Havana on 24 January presented, thanked President Fidel Castro and the Cuban people for the support for and trust in Panamanians.

Following the U.S. invasion of Panama on 20 December 1989 relations with Cuba reached their lowest point ever. Before January 1995 diplomatic relations between the two countries were maintained at the level of trade attaches.

Spanish Armed Forces Delegation Visits Cuba

PA1902040695 Havana PRENSA LATINA in Spanish 1343 GMT 18 Feb 95

[FBIS Translated Text] Havana, 18 Feb (PL)—It was officially announced today that a Spanish Armed Forces delegation is in Cuba on an official and friendly visit as a guest of the Revolutionary Armed Forces Ministry (FAR).

The Communist Party of Cuba's newspaper, GRANMA, stated briefly that the Spanish Armed Forces delegation arrived last night and will remain in Cuba until 22 February to fulfill a series of activities with the FAR.

Ghanaian Delegation Arrives in Havana

FL1802025095 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] A high-ranking Ghanaian delegation led by Captain (Kojo Sikhata), a member of Ghana's Council of State, has arrived in Havana City on the Cuban Government's invitation. Juan Almeida Bosque, commander of the Revolution and Politburo member, greeted the delegation at Jose Marti International Airport. (Sikhata) said upon arriving that the visit will strengthen Cuban-Ghanaian economic and trade relations and that important issues will be discussed. (Sikhata) said that a Cuban-Ghanaian commission is already studying several projects.

Meets With Robaina

FL2102223595 Havana Radio Rebelde Network in Spanish 1800 GMT 21 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met this morning at Foreign Ministry headquarters with Captain Kojo Tsikata, a member of Ghana's Council of State. During his greeting to the delegation, Robaina referred to the relations between Ghana and Cuba, highlighting the opportunity this visit offers to study issues of bilateral interest, as well as African and international matters.

[Begin Robaina recording] This is an exceptional occasion for Cuba's Foreign Ministry, its diplomats, and especially for me. We will make good use of it. From the

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very moment we knew of your visit, we drew up an agenda that responds primarily to our mutual interests. [end recording]

Captain Tsikata stated that this visit will serve to further strengthen relations between Cuba and Ghana.

[Begin Tsikata recording, in Ewe, with passage by passage translation into Spanish] I think that this visit will serve to strengthen the already cordial relations between Cuba and Ghana. It will contribute to improved cooperation, especially in the economic sector, for the mutual benefit of Cuba and Ghana. I would like to use this occasion to make certain observations, principally concerning our subregion, and to inform you of our foreign policies. [end recording]

The Ghanaian delegation, headed by Tsikata, will visit Havana City's historic district and the House of Africa this afternoon.

Official Meets With Fidel Castro

FL2402025495 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] The Cuban Council of State will award Captain Kojo Tsikata, a member of the Ghanaian Council of State, the Carlos Manuel de Cespedes Order today. Tsikata, who has been in Cuba since last week, will visit the Hermanos Ameijeiras Clinical Surgical Hospital and meet Vice Foreign Trade Minister Orlando Hernandez and Octavio Castillo, vice foreign investment and economic cooperation minister. The high-ranking Ghanaian official has also met President Fidel Castro and has visited Santiago de Cuba Province.

Jaime Crombet Meets With Zambian President

FL1202201695 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Jaime Crombet, vice president of the National Assembly of the People's Government, has met with Zambia's President Frederick Chiluba in Lusaka. Chiluba sent a warm salute to President Fidel Castro and Crombet delivered a message from the commander in chief during the friendly and cordial meeting in which they discussed collaboration between the countries, particularly cooperation with Zambia in the health sector, and perspectives in other sectors. This visit completes the third leg of an African tour by Crombet and his delegation, which has included Angola, Namibia, and will end in Zimbabwe.

Economic Studies Center Predicts 2-Percent Growth

PA2302171195 Havana PRENSA LATINA in Spanish 1414 GMT 22 Feb 95

[By Elsy Fors]

[FBIS Translated Text] Havana, 22 Feb (PL)—The Cuban economy will grow approximately 2 percent in 1995 despite the negative impact of a sugar harvest that will predictably be among the worst in the industry's history.

Alfonso Casanova, director of the Center for Cuban Economic Studies (CEEC), has announced the predictions for this year carried out by this economic research center, which is part of the University of Havana.

The headway achieved during the process of changes, the innovation of transformations beyond conventional methods, and the decrease of a recession in 18 of the 21 industrial sectors permit this prediction, Casanova said during a two-day seminar given by this center to Cuban businessmen and officials.

The analysis, which involves variables from three possible scenarios, calculates a 14-percent accumulation rate, a 12-percent reduction of subsidies to state enterprises and cooperatives, and a budget deficit of 1 billion pesos (equivalent in dollars according to the official rate), compared with 5 billion at the end of 1993.

According to the CEEC estimates, the excess circulating money, which rose to approximately 12 billion pesos early in 1994, might drop to 7.5 billion in 1995.

In the external sector, exports are calculated between $1.3 billion and $1.5 billion, while the external debt, according to official sources, might surpass the $8.6-billion mark if new financing is contracted this year.

Nevertheless, researchers have warned there can be no talk of a true recovery in the Cuban economy until sugar production is restored to its historical levels, in excess of 7 million tons per year.

The CEEC calculates the 1994-1995 campaign will end with a volume of approximately 3.5 million tons of sugar which is inferior to the 4 million and 4.2 million achieved in the 1993-1994 and 1992-1993 harvests, respectively. The lowest harvest in the last 35 years was achieved in 1962-1963, when the factories yielded 3.6 million.

Regarding the economic policy that must be followed, specialists have predicted the consolidation of decisions already being implemented, the approval of a new investments law that will reassert the external opening process, as well as an increase and diversification in self-employment among its elements.

Directorate Reports Social Security Figures

FL2402030595 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] The revolutionary government took responsibility for social security in December 1960. The state has dedicated billions of pesos to the pension

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system since then. What is the current sum of expenses and pensions? Correspondent Perla Marina Alcover reports:

[Marina] Preliminary figures from the Labor Ministry's Social Security Directorate show that 83,000 new retirees joined the pension plan in 1994. This figure brings the number of retired workers to 1,312,000 nationwide. Last year's pension expenses reached 1.7 billion pesos. A total of 93 percent of the pensions awarded in 1994 were awarded through Law 24, a 15-year-old law through which 1,060,000 citizens have been receiving benefits. The balance includes pensions to cooperativists, veterans, and others on a smaller scale.

Among those admitted into the social security system are women 55 and over with 25 years of work experience and men 50 and over with 25 years of work experience, those with physical or mental disorders who are unable to work, and family members of workers who have passed away. Law 24 also pays subsidies to workers who have suffered accidents or common illnesses and grants maternity leave permits. It also provides for short-term loans which exceeded 260 million pesos in 1994.

Television, Radio To Broadcast Live ANPP Session

FL2302133095 Havana Radio Progreso Network in Spanish 1200 GMT 23 Feb 95

[From the "Doing Radio" program]

[FBIS Translated Text] Today's GRANMA headlines:

—Cuban Radio and Television will broadcast live the Special Session of the National Assembly of the People's Government tomorrow, 24 February at 8:30 [0130 GMT 25 Feb].

—Politburo conducting work visit to special municipality of Isle of Youth; Second Secretary Army General Raul Castro heads group of party leaders.

—Relations with Ghana strengthened; Statements by Captain Collo Sikata, Member of Ghana's Council of State.

—Dignity remains unchanged a century after the Necessary War.

—The Newspaper PATRIA will be published in homage to the 24 February Centennial.

—Ciego de Avila Fish Reproduction Center nearing completion will be second largest in Cuba.

Television To Broadcast UJC Centennial Ceremony, Concert

FL2302192095 Havana Radio Reloj Network in Spanish 1532 GMT 23 Feb 95

[FBIS Translated Text] Tonight at 2030 [0130 GMT 24 Feb] the Union of Young Communists [UJC] will render homage to the centennial of the restart of the War of independence with a ceremony and concert in Havana's Central Park next to Marti's statue. The cultural gala will be broadcast live by the program "This Very Day" and will include performances by Quiqui Corona, the group Sampling, Jose Maria Vitier, Amauri Perez, Mirian Ramos, and students from the National Arts School. The Ceremony and concert will be attended by the deputies of the National Assembly who will meet at the Convention Center tomorrow to observe the Centennial of the 24 February uprising.

Early on Friday, Cuban youths will mobilize to the farms to help with food production in honor of the 24 February centennial.

Raul Castro Leads Politburo Delegation on Municipality Tour

FL2302224595 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Today's GRANMA reports that Army General Raul Castro, Cuban Communist Party second secretary, has led a Politburo delegation on a working tour of the special Isle of Youth Municipality. The working group visited 245 centers involved with various economic and service sectors and branches, including the most important industrial complexes, agricultural-livestock enterprises, Youth Labor Army integrated farms, basic cooperative production units, agricultural-livestock cooperatives, independent farmers, health institutions, education centers, commerce and gastronomy units, and the 10 people's councils in the municipality. GRANMA points out that contact was made with 6,300 people of all ages and walks of life before holding the final meeting, which concentrated on things that remain to be done and the deficiencies and difficulties to be overcome. Raul, who is also Revolutionary Armed Forces minister, highlighted at tour's end the importance of last July's party meetings and said that Politburo delegations will pay working visits to all provinces this year to discuss urgent tasks. Raul spoke about last year's meetings, which, he said, gave the call to combat.

Roundup of Politburo Members' Activities

FL2302130795

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 23 February 95.

Pedro Ross Leal chaired an assembly for economic efficiency in Las Tunas Province where he evaluated production efforts for 1994. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Feb 95)

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Jose Ramon Machado Ventura has toured miscellaneous crops farms, cooperatives, and basic cooperative production units in Sancti Spiritus Province where he praised efforts made in the potato crop and urged farmers to quickly ready the soil once the harvest is completed to plant other crops and thus provide balanced distribution of food to the people. (Radio Rebelde Network in Spanish 1800 GMT 15 Feb 95]

Nelson Torres has participated in a sugarcane harvest analysis meeting in Matanzas Province. Torres stressed the need to increase operational and technical efficiency during the present sugarcane harvest. (Havana Radio Reloj Network in Spanish 2042 GMT 15 Feb 95)

Pedro Ross Leal, secretary general of the Cuban Workers Federation (CTC) and member of the Politburo, has visited Colon Municipality, Matanzas, where he called to increase the sugarcane Basic Cooperative Production Units' (UBPC) work force. He also stressed that CTC lawyers will represent workers of El Tejar UBPC to obtain compensation for damages to their sugarcane fields caused by cattle. (Havana Radio Rebelde in Spanish 1000 GMT 17 February 95)

Yadira Garcia Vera, first secretary of the Party in Matanzas and member of the Politburo, has chaired an oil workers 1994 assessment meeting in Cardenas, to discuss achievement and goals in the oil sector. (Havana Radio Rebelde in Spanish 1000 GMT 17 February 95)

Ulises Rosales Del Toro presided over the FAR Meeting With History ceremony held at the Granma Naval Academy to mark the centennial of the war of independence and Marti's death. (Radio Rebelde Network in Spanish 1255 GMT 17 Feb 95)

Army General Raul Castro, Juan Almeida Bosque, and division general Leopoldo Cinta Frias, members of the Politburo, awarded the Che Guevara order and the Calixto Garcia bravery medal to members of the Cuban medical brigade who participated in the heroic action in Massawa, Ethiopia. (Havana Radio Rebelde Network in Spanish 1000 GMT 18 February 95)

Alfredo Jordan Morales, member of the Politburo and Minister of Agriculture, toured tobacco plantations in Pinar del Rio to assess the progress of the current tobacco campaign in the province. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 February 95)

Alfredo Hondal stressed self-financing and food production efforts in an address to the Ciego de Avila Province session of the Sixth Congress of the Union of Civilian Workers of the Revolutionary Armed Forces. (Havana Radio Rebelde Network in Spanish 1000 GMT 21 Feb 95)

Division General Ulises Rosales Del Toro, member of the Politburo, is heading a governmental delegation which began a control visit to Cumanayagua Municipality in Cienfuegos on 20 February. The delegation will tour different locations through 23 February, to assess the work done in the agriculture, health, and construction sectors, among others. (Havana Radio Rebelde Network in Spanish 0000 GMT 22 February 95)

Candido Palmero has affirmed, in a ceremony to assess harvest status, that all necessary resources have been readied for the potato harvest in March. FAR soldiers will be mobilized for 30 days to UBPC and cooperatives while the EJT will harvest the areas under their control. (Havana Radio Rebelde Network in Spanish 1255 GMT 22 Feb 95)

Jose Ramon Balaguer attended a ceremony in Granma Province marking the 100th anniversary of the war of independence. Balaguer gave identification cards to new members of the veteran's association. (Havana Radio Rebelde Network in Spanish 0000 GMT 23 Feb 95)

Haiti

Carter Visit Previewed; Graffiti Protests Visit

FL2302235295 Port-au-Prince Radio Metropole in French 1145 GMT 23 Feb 95

[FBIS Translated Excerpt] Former U.S. President Jimmy Carter's upcoming visit to Port-au-Prince tops the news. He will most likely meet Haitian President Jean-Bertrand Aristide today. Several youths went on hunger strike in front of Port-au-Prince Cathedral on 22 February to protest his visit. Graffiti has also appeared on buildings throughout the capital. Rothschild Francois reports:

[Begin recording] [Francois] The hunger strike is being staged to protest the former U.S. president's planned visit to Port-au-Prince on 23 February. The hunger strikers claim that Jimmy Carter wants to direct the upcoming Haitian elections, scheduled for June 1995. A demonstration has been planned for the former U.S. president's arrival in Haiti. Slogans hostile to Jimmy Carter have appeared on buildings throughout the capital. Windel Theodore reports:

[Theodore, in Creole] Nine Haitian youths are on hunger strike to protest former U.S. President Jimmy Carter's upcoming visit. The youths, members of a grassroots organization known as the Movement of the Young People of Avenue Poupelard [Mouvement Jeunes Avenue Poupelard, MJAP] and Aristide supporters, accuse Carter of wanting to interfere in the upcoming nationwide elections and of wanting elections to be held in the way he thinks best. The youths suspect that the former U.S. president is coming to negotiate the return to Haiti of several high-ranking Army officers who President Aristide recently dismissed.

[Unidentified speaker, in Creole] We will not tolerate again what we suffered in the past. We were beaten and killed over and over again. The country is not ready for new elections. Every president who has come to hold elections did not succeed. We want the country to take steps to prepare, such as ending the political crisis:

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Elections can be held once everything is prepared. We are not ready for elections at this time. Down With Jimmy Carter. That's what we say in response to his plans to discuss returning the macoutes and criminals who made us suffer to the Army.

[Theodore, in Creole] The youths who initiated the strike had to vacate the Cathedral and sleep outside, after church authorities asked the multinational force to invite the youths to do so. Striking MJAP members say that they do not know when they will end their strike since the government has not yet contacted them. The youths also announced that an anti-Carter demonstration will be staged on 23 February.

Graffiti protesting President Carter's visit has appeared in several areas of the capital, including: "Jimmy Carter is a crooked dealer," "Carter is an army lawyer," and "Carter go home."

U.S. authorities in Haiti announced that Jimmy Carter's visit to Port-au-Prince is aimed at reinforcing the electoral process. U.S. Embassy spokesman Stanley Schrager said that Jimmy Carter worked hard for President Aristide's return. [passage omitted]

The former U.S. president led a delegation to talks on 18 September 1994, which ensured peaceful military intervention in Haiti, the departure of the authors of the 30 September 1991 coup d'etat, and the return of President Aristide to power on 15 October 1994. Colin Powell, former chairman of the Joint Chiefs of Staff, and Georgia Democrat Sam Nunn will accompany Carter on his visit to Haiti. Both Powell and Nunn accompanied Carter on his mission to Port-au-Prince in September 1994. [end recording]

Ministers, Party Chief Protest Alleged Destabilization Plan

FL2302231195 Port-au-Prince Signal FM Radio in French 1130 GMT 23 Feb 95

[FBIS Translated Text] The Haitian justice, interior, and national defense ministers have denounced plans to destabilize the country during nationwide carnival celebrations 26-28 February. Ministers Jean-Joseph Exume, Rene Prosper, and Wilton Lherisson report that the government intelligence service has learned that several individuals have agreed to try and destabilize the country during carnival.

The government communique warns that any attempt to target vital installations in the Port-au-Prince metropolitan area or in provincial cities, public markets, or parades would pose a threat to the state's internal safety. While the communique does not mention the plotters' political affiliation, it does note that the government has ordered the forces of order to take all necessary measures to neutralize small groups of destabilizers and does urge the public to carry out its business as usual.

[Signal FM reports during the same newscast: "Engineer Franck Romain, leader of the Patriotic Camp and Haitian Alliance Party, has called on the plotters to be reasonable. Romain has asked the forces opposing change to be reasonable and to help the country climb out of its rut. There are forces opposed to change that can destabilize President Jean-Bertrand Aristide's government."

[Signal FM then carries the following Romain remarks, recorded in Creole: "Carnival is approaching. Several different sources told me that there is a group out there that plans to commit terrorist acts during carnival and then blame Franck Romain. That is why I wrote this letter to Commander Toussaint...[pauses] Major Toussaint. I am being as careful as possible in presenting this to the press, because they are ready to eliminate anyone they want in any way they can. Some in the field want to eliminate others for no reason. I do not believe in political adversaries: I believe in political competitors. We cannot speak of adversaries when the country is in such a state, when we all must unite to retake and rebuild the country."]

Executive Branch's 'Statutory Order' on Elections Protested

FL2402000795 Port-au-Prince Radio Metropole in French 1700 GMT 23 Feb 95

[FBIS Translated Text] Haitian politicians are reacting to the electoral law that the executive branch has produced. The Committee of Haitian Lawyers has accused the executive branch of modifying the bill that Parliament had prepared. Attorney Moise Senatus, speaking on the committee's behalf, says that the document the government has issued is not a law but a statutory order. He points out that Parliament did not endorse the executive branch's amendments to the bill:

[Begin Senatus recording] It cannot be considered an electoral law. The executive branch amended Parliament's bill. While the executive branch certainly has the right to object, it is its duty—within the administrative bounds of the relationship between the executive branch and Parliament—to return the bill to Parliament once it makes its objections known. Parliament is still functioning: A branch of Parliament—namely, the Senate—is still operating.

The executive branch certainly is arguing the fact that the House of Deputies is not operating. Yet, that is not reason enough. Parliament continues to exist as long as the Senate is functioning. The executive branch is certainly arguing on the president's behalf. The law was issued under Trouillot, who ruled the 1990 elections. It was a serious mistake, a colossal mistake. This mistake should not be repeated because it was not a law, it was a statutory order. Therefore, on the judicial level, the same thing applies to the law that the executive branch just issued. You cannot speak of a law but of a statutory order as long as the executive branch takes complete

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responsibility for modifying Parliament's bill. The executive branch made some modifications and must return this bill to Parliament—that is, to the functioning Senate. [end recording]

[Radio Metropole adds during the same newscast: "A group of former legislators has asked the executive branch to withdraw its statutory order and to promulgate the law voted by both chambers. For the group of four former deputies, the text issued by the government is not in conformity with the electoral law voted by Parliament and sent to the executive branch for promulgation."]

Aristide on Corruption, Misery Due To 'Slackening'

FL2302170295 Port-au-Prince Tropic FM in Creole 1300 GMT 23 Feb 95

[FBIS Translated Text] President of the Republic Jean-Bertrand Aristide participated in a program on 22 February called X-Ray Photography of Transparency in Public Administration in which he explained once again that many people in the country say the government machine, the state machine, is moving too slowly, citing state-owned enterprises as examples. I have noticed that there is a slackening that has increased corruption, that has increased misery, Aristide said during the program, which was broadcast live on Television Nationale d'Haiti.

[Begin Aristide recording] If the justice department in the country does not help us catch thieves, there will be a slackening that will encourage disorder; there will be a slackening that will encourage the malfunctioning of the machine. In 1991, we did all we could to show that we could make the flour-mill work better, and we already had money coming from it to build the Labadie road. I could give several other examples of how it is possible for state- owned properties, through public administration, to produce more so that we can hoist our flag of dignity better. [Words indistinct] the meeting that was just held allows us to expect that money that will come in. We are obliged to hoist our flag of dignity, while pressing the state-owned enterprises to give profits so we can get more money to do more work. If people do not go to work on time, how can we do that? If, when people go to work, they do nothing, how can we do that? If, when people go to work, you realize that there is irresponsibility—that is, the people are afraid of assuming their responsibilities—how can we make more money? Fortunately, thanks to the work done by the National Directorate of Taxes [DGI] in collecting money, we have managed to acquire receipts that allow us to give many employees their paychecks, which we could not do if we did not get receipts in DGI. On the other hand, DGI can give much more than what it has given. However, that will depend on how well we create order from disorder without crossing our arms and without slackening. [end recording]

In his intervention, President Aristide talked about the construction of a university campus and about a retirement fund for the military that has disappeared, adding that it will be difficult to move forward without the participation of the Haitian people.

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Foreign Minister Denies U.S. Loan Tied to Foreign Policy

PA2402041095 Mexico City NOTIMEX in Spanish 2105 GMT 23 Feb 95

[FBIS Translated Text] Panama City, 23 Feb (NOTIMEX)—Mexican Foreign Relations Secretary Jose Angel Gurria rejected here today that the $20 billion in credit guarantees, which the United States granted his country, will be contingent upon its foreign policy.

"Mexico would have never accepted any condition that could adversely affect or change its foreign policy with regard to any country," the official said during a recess in the conference held by representatives of the Central American countries and the European Union.

The U.S. support also does not imply changes in Mexico's policy with regard to Cuba, he said.

The loan is not tied to the Mexican trade policy either. It does not include any condition that is not "strictly financial or business-oriented," Garcia told NOTIMEX in the framework of the San Jose 11th Ministerial Conference.

"In addition, the (loan) agreement does not adversely affect the destination of the country's oil exports, Mexican Petroleum's stock ownership, or Mexico's energy policy in general," the Mexican foreign minister added.

The guarantee of financial support from oil export revenues is "exclusively a contingency mechanism in case Mexico is unable to meet its obligations," he explained.

Gurria added that when Mexico begins receiving the funds for the stabilization of the markets, confidence in the markets will be recovered "in the exchange as well as in the interest rate, debt, and stock exchange markets," and they "will be normalized."

"In this regard, we can see the future with more optimism once we have overcome this volatile stage," he said.

President Comments on Economic Crisis, Chiapas

PA2402050795 Mexico City Radio ACIR Network in Spanish 0058 GMT 24 Feb 95

[Report by Rosa Waxien; from the "Evening News Panorama" newscast]

[FBIS Translated Text] President Ernesto Zedillo returned from Zacatecas and arrived at the official Los Pinos residence a few minutes ago. What did he say in that city? He said that starting this week, we have a clear possibility, for the first time since the crisis started, of consolidating the adjustments and that this will yield its first results, in terms of economic recovery, in a couple of months.

President Ernesto Zedillo repeatedly insisted that, with unity, we will surmount the economic emergency very soon. The serious but unavoidable decisions Mexico has had to make will allow it to have the highest growth rate in Latin America in 1996. The devaluation, he asserted, was necessary because we would have had to declare a payment moratorium the next day if we had not taken this step.

The president spoke informally in the plane on his to Zacatecas. He said a 30-percent drop in the GNP was a mistake but that conditions were currently different. When he arrived in Zacatecas, Zedillo found out that the Mexican stock market had, unfortunately, closed at a loss. He said: Well, we have to accumulate federal reserves as of today. The financial panic has not allowed the adjustments to be noticed during the past weeks but, in reality, imports have fallen and exports are increasing. This, of course, favors Mexico. Our problems are of a financial character, and they are triggered by political matters. We have to recall that there will never, never be enough money for financial runoffs. Such events are, precisely, the ones that cause capital to flee.

President Ernesto Zedillo was very optimistic during the tour. He said that we are going to get out of this emergency, with the unity and effort of all Mexicans very soon. He added that the Mexican economy's vulnerability, due to its short-term obligations, has caused the country to suffer so much with this crisis. However, he asserted, Mexico's debt is currently the lowest in Latin America. We are going to move ahead, and confidence will be restored in the measure to adjust the economic program.

President Ernesto Zedillo visited the cities of Zacatecas and Jerez, where he inaugurated a regional hospital and a recreational center. It was in the latter city where he said that he will not fall for the game of those who want to divide the country and that the Mexicans, with joint responsibility, will patriotically overcome the crisis. Let us listen to him:

[Begin Zedillo recording] We will do this by maintaining our unity. We will not fall for the game of those who, in the face of our country's economic difficulties, want to divide us. Let it be clear to those who believe they will defeat the country by dividing its people, that the people of Mexico are invincible. [end recording]

In Zacatecas, President Zedillo signed a social development agreement for the state. He met with the residents who came to greet him and heard when they shouted over the wall that they wanted peace in Chiapas and respect in the Zapatist's territory. President Zedillo greeted them and then said: We only have Mexican territory, and we cannot renounce the defense of our sovereignty. The government respects human rights and is furthering dialogue.

President Zedillo would refer to this conflict at a forum held a few minutes later. It was the consultation forum to

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prepare for the World Social Development Summit to be held in Denmark next month. The president asserted that the fight against poverty will not cease because of the economic emergency. He also said that the draft bill he sent to congress yesterday, for dialogue, conciliation, and peace in Chiapas will not be revealed until there is a satisfactory agreement between the executive and legislative branches.

The president of the republic reiterated that a new basis is required to achieve a definitive peace in Chiapas but that the Mexicans, together with their government, will attain them with respect and co-responsibility.

This is my report on the president's visit to the cities of Zacatecas and Jerez.

SHCP Details Use of U.S. Aid Package

PA2302144995 Mexico City LA JORNADA in Spanish 22 Feb 95 pp 1, 48

[Article by Roberto Gonzalez Amador]

[FBIS Translated Text] The initial disbursement of the economic aid package for Mexico, which totals $10 billion, will allow the Zedillo administration to redeem the Treasury Bonds (Tesobonos) upon maturity, and to restructure and refinance its short-term foreign debt. Likewise, a small portion will be used to strengthen the banking system by reducing the pressure being exerted on the system by the liquidation of the certificates of deposit (Cedes) issued in dollars, and other immediate obligations.

According to the Finance and Public Credit Secretariat (SHCP) reports, "by eliminating the problems of short-term debt and strengthening the banking system, the U.S. financial package allows Mexico to support a stable currency exchange rate. It would also once more provide Mexico access to private capital by allowing it to refinance its debt at a lower cost."

The U.S. Government pledged $20 billion in its financial aid package to Mexico, coming from the Currency Exchange Rate Stabilization Fund, created during the depression in the 1920's. The $10 million will be available in stages between today and the end of June 1995 provided that Mexico complies with the objectives established in the contract. Three billion dollars will be available on the date the agreement becomes effective, probably next week.

Another $10 billion will be available according to Mexico's needs and in different stages, based upon the same terms and conditions, starting in July.

The SHCP also disclosed that the Mexican Government could also use U.S. funds to guarantee its long-term bonds. The first issue of bonds guaranteed by the U.S. Treasury Department is expected in the second trimester in 1995.

According to the SHCP, once Mexico has the funds from the aid package, the government intends to strengthen its monetary policy and fiscal discipline, to initiate a program to solve the liquidity of the weaker banks, and to continue the privatization of state-owned companies.

The rescue plan was designed to meet an immediate and a medium-term emergency. The first part of the plan is designed to restore investor confidence in the availability of financing; that is why $10 billion will immediately be used to reduce the short-term debt.

In the second part of the plan, the SHCP said that it intends to extend the maturity of the debt and reduce the current account deficit. In this sense, the maturity of the investments will be extended through the issuance of long-term loans to refinance the Tesobonos and carry out privatization which will foster long-term investment. The reduction of the current account deficit will be based on a tight monetary policy, reduction of public expenditures, and the promotion of exports.

According to the SHCP [Secretariat of Finance and Public Credit], the government will introduce the following measures to finance the Tesobonos [Treasury Bonds]:

- $2 billion to repurchase the Tesobonos.
- $2 billion in Tesobonos currently in the hands of local banks and exchange them for Bank of Mexico liabilities.
- Foster the transfer of Tesobonos capital to other instruments, also issued in nonconvertible pesos through its weekly auctions.

The government hopes that as an immediate result of these measures, the total amount of Tesobonos will be reduced by more than $4 billion which is 18 percent of the total amount. In addition, the government hopes to send a positive message to the financial markets and believes that the Tesobonos rates will decline, which will also reduce the resources for the purchase of dollars.

The SHCP document indicates that the plan requires the immediate use of part of the U.S. medium-term aid funds.

Because of this, the federal government will use five-year *swaps* [italics as published] (currency exchange) to repurchase the Tesobonos. At a later date, Mexico will issue up to $5 billion in new bonds which will be completely guaranteed by the United States.

The SHCP assures that these risk-free bonds can be absorbed by the market "without difficulty." With these revenues Mexico will refinance additional Treasury Bonds and other short-term debt.

The SHCP document indicates the remaining $10 billion will not be used. This will be used to meet any other eventuality, including those related to the banking system.

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Once these conditions are met, the country will have access to new international capital markets, which is planned for the second half of the year.

In addition, the SHPC document indicates, the total amount of Tesobonos will be reduced "significantly." It explains that of the $29.5 billion in Tesobonos in existence on December 1994, only $21 million are currently in circulation.

Thus, the use of $8 billion in *swaps* [italics as published] and U.S. guarantees, plus the $2 billion in the exchange of bonds for central bank liabilities, another $3 billion in the refinancing of Treasury Certificates (Cetes), and $3 billion for a new medium-term loan, (for a total of $16 billion) will allow for the circulation of a total of $5 billion in Tesobonos by the end of 1995.

PAN, PRD React to U.S. Loan Package, Urge Caution

PA2302172095 Mexico City UNOMASUNO in Spanish 22 Feb 95 p 4

[Report by Alberto Ramirez—quotation marks as published]

[FBIS Translated Text] Yesterday, Enrique Franco Munoz, and Jose Angel Conchello Davila, National Action Party [PAN] senators, agreed that every indebted nation loses part of its autonomy and its sovereignty, which is why the Mexican Government should be cautious in accepting the $20 billion financial aid package from the United States. At the same time, Felix Salgado Macedonio, a Party of the Democratic Revolution [PRD] senator, warned that if the loan implicitly carries provisions related to petroleum [revenue] restrictions, "then it will severely undermine Mexico's sovereignty."

Francio Munoz stated the need for the U.S. credit assistance "being adequately and honestly utilized," most of all because in similar cases during past years, government officials responsible for the negotiations have made improper use of the resources.

Now, he said, the issue involves establishing an adequate payment mechanism and being on the alert for any U.S. Government preconditions because it is easy to seek credit, the difficulty lies in repaying.

On the other hand, Conchello Davila stressed that the new U.S. loan to Mexico will only benefit large stockholders and a few millionaires, but not the majority of poor Mexicans who will only have to adjust to "the ridiculous interest paid by the banks."

In the meantime, Salgado Macedonio expressed his support for the resignation of the main Mexican officials involved in negotiating the loan and for the summoning of the finance and foreign relations secretaries. According to the PRD legislator, both secretaries must explain "the ambiguous, and unclear transactions involved in the agreement."

Finally, Salgado Macedonio believes in the need for the Mexican Government to reject any U.S. Govermment attempt to condition the loan as a violation of our sovereignty as regards our natural resources, mainly crude oil, since the United States is interested in this resource.

Civic Alliance To Hold Plebiscite on Possible Salinas Trial

PA1902153195 Madrid EFE in Spanish 2244 GMT 18 Feb 95

[FBIS Translated Text] Mexico City, 18 Feb (EFE)—On 26 February, the people will be consulted throughout the country on the possible trial of former Mexican President Carlos Salinas de Gortari for his alleged responsibility in Mexico's current economic crisis.

Civic Alliance, an organization that carried out intense observation work during the presidential elections, has been tasked with holding this direct yes or no plebiscite on the economic crisis and other matters of national interest.

The poll will have "moral and political" value and, if there is broad participation, "the government will have to acknowledge the results as a legitimate expression of the people's will," the organizers have said.

The legislators will be morally and politically obliged to discuss the results in Congress, and the political parties will have to clearly establish their positions on these issues, Civic Alliance reports.

The poll includes three "yes" or "no" questions. The first is: "Should Carlos Salinas de Gortari be investigated and, if evidence is found, tried along with his assistants for his alleged responsibility for the devaluation and current economic crisis?"

The other two questions are: "Should Congress reject the credit package promoted by the United States due to the risk it implies for the country's sovereignty and development?" and "Should the government renew dialogue and negotiations and halt military action in Chiapas?"

Poll tables will be installed in public parks and squares. Voters must be Mexican citizens over 18 and present their official identification cards.

The poll will be held in the country's 31 states and in the Mexican capital, where 5,300 Civic Alliance members will watch the process at 600 poll tables.

The results of the citizens poll will be sent to Congress for evaluation and analysis.

Finance Secretariat Discloses Government Deficit Figures

PA1802001395 Mexico City EL FINANCIERO in Spanish 16 Feb 95 p 7

[Report by Georgina Howard]

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[FBIS Translated Text] Disclosing the Quarterly Report on Public Finances and the Public Debt, the Finance and Public Credit Secretariat disclosed that the federal government's net domestic debt went from 121.840 billion new pesos in September 1994 to 164.653 billion new pesos in December 1994.

This increase, the institution explained on the Quarterly Report presented to the Chamber of Deputies, is due to the exchange adjustment that affected the value of the debt in Tesobonos [treasury bonds] and the easing of Treasury regulations. These effects, it noted, contributed to increase the deficit by 29.854 billion new pesos.

The gross foreign public debt amounted to $85.4358 billion, which at an exchange rate of 5.325 new pesos per dollar represents 36.4 percent of the estimated GDP.

To this effect, he clarified that the depreciation of the dollar vis-a-vis the leading currencies has increased the balance of the foreign debt by approximately $3.0696 billion, although a $191.8-million reduction was perceived in the fourth quarter due to the revaluation of the dollar.

The report drafted by the institution stressed that if the special revenues resulting from the sale of shares belonging to Telmex [Mexican Telephone Co.] and commercial banks are considered, the public balance presents a surplus of 1.398 billion new pesos, which constitutes 0.1 percent of GDP. It revealed that these revenues were deposited in the Contingency Fund and were used to pay the domestic debt.

As for the federal government's financial situation, the document mentioned a deficit of 9.927 billion new pesos and a primary surplus of 17.169 billion new pesos.

Government revenues amounted to 213.467 billion new pesos. This figure represents a 2.4-percent increase compared with 1993. This increase, it explained, was the product of a 4.6-percent growth in tax revenues, particularly from the VAT [Value Added Tax] and property taxes, which surged 10.3 and 12.4 percent, respectively.

It also emphasized that the public sector's primary economic surplus reached 29.031 billion new pesos or 35.4 percent less than its real value in 1993. At the institutional level, the federal government's primary surplus reached 17.014 billion; for those institutions under federal budget control, it reached 11.014 billion; and for those under indirect federal control, it reached 848 million new pesos.

Budget revenues amounted to 321.216 billion new pesos, which involves a real growth of 3.3 percent from the collection of taxes, while the net expenditures paid by the public sector reached 323.628 billion new pesos, a figure that constitutes a 9.3-percent increase compared to figures for the same period in 1993. The federal government's net expenditures reached 221.202 billion new pesos, which constitutes an 11.6-percent increase. The government's programmable expenditures reached 147.492 billion new pesos, which represents a 20-percent increase. The increase of this expenditure is partly due to larger budget allocations for Pronasol [National Solidarity Program], whose expenditures amounted to 9.382 billion new pesos.

The institutions' revenues reached 112.571 billion new pesos, which constitutes a 5.5-percent real increase due to the revenues of the IMSS [Mexican Social Security Institute]—12.4 percent higher—and Mexican Petroleum, which were 6.2 percent higher. These same organizations presented net expenditures for 120.055 billion new pesos, which represents a 5.2-percent increase.

The Finance Secretariat emphasized in the document that progress was made during recent years to reduce the public debt. Thus, the public sector went from a total net debt contracted with the Bank of Mexico that represented 68.3 percent of GDP in December 1988 to a debt that represented 37.2 percent in December 1994. This change shows a 45.5-percent reduction in real terms.

It stressed that Mexico has maintained its place among the less indebted economies, despite the negative effect the exchange adjustment had on the debt's balance. If the debt burden is considered as a percentage of GDP, the country shows a more favorable situation than most member countries of the OECD.

Bankers, Central Bank President Hold Meeting

PA2302143695 Mexico City EL FINANCIERO in Spanish 22 Feb 95 p 10

[Report by Georgina Howard]

[FBIS Translated Text] Private banks have accepted that the unit of account [unidad de cuenta] may be an "instrument for attracting" future resources, provided the hike in interest rates is only short lived. Otherwise, bank executives warned, the deterioration of assets and the inability to meet payments on an expired portfolio will continue.

The challenge of this new plan, they said, is stabilizing the exchange rate, which would result in a less volatile exchange rate and a reduction in interest rates.

During an emergency meeting held yesterday evening by members of the Mexican Association of Bankers [ABM] with the president of the central bank, the need to implement specific measures to prevent the state from resuming control over credit institutions became evident, following the application of the new Temporary Capitalization Program.

Bankers explained this plan will be in effect after 31 March, adding it will be part of a package of options announced by the Bank of Mexico [Banxico] to recapitalize institutions. Credit institutions may also opt for foreign investments, the injection of resources from their shareholders, or the issuing of obligations.

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It also became evident in this meeting it will be up to each bank to recover the shares it will place in guarantee with Procate [expansion unknown], an organization of the Fobaproa [Savings Protection Banking Fund] trust fund of Banxico, for five years. At the end of this term, the assets may remain there to be purchased by foreign firms.

This point, according to certain bankers, may prompt foreigners to massively purchase shares, given the inability of certain institutions to recover their shares package. According to official sources, there are at least 12 banks that need to increase their levels of capitalization in the first quarter of the year.

They agreed each credit institution will decide and be responsible for adopting a plan that responds to its needs. Nevertheless, it should be noted during the meeting with Banxico President Miguel Mancera, a large number of banks called for the Temporary Capitalization Program.

Meanwhile, certain neo-bankers [neobanqueros] insisted the indexation of interest rates to inflation, a measure imposed by the United States to grant the $20-billion loan, will further deteriorate the value of assets, will exceed the capability to repay the expired portfolio, and will make institutions more dependent on capitalization mechanisms.

At the same time, foreign bank representatives said the conditions required from Mexico by the Bill Clinton administration will only encourage speculative type investments and the arrival of hot money, which will contribute in no way to the country's productive development.

The National Westminster Bank and the Anglo Irish Bank Corp. stated the conditions required by the United States will cause the immediate downgrading of the banking system, greater capital needs, a fall in profits, and a lack of confidence among depositors.

The two financial institutions stated a program such as the one Mexico intends to put into practice, which includes a unit of account, will only work in a country where there is confidence in the central bank.

According to the National Westminster Bank, one of the most prestigious British banks, the benefits of the agreement signed by Mexico to obtain financial assistance from the United States must take place in the short term, because a much longer period will only serve to create uncertainty "and would cause many banks to fall into bankruptcy."

Anglo Irish Bank Corp. officials insisted that indexing interest rates will only encourage the arrival of hot money and with it the impossibility of obtaining productive resources for longer terms.

Both banks stated they had no doubt the $3-billion loan package would be approved this same week, because the foreign banks were waiting to see what conditions the United States would set in order to approve the $20-billion assistance.

Nevertheless, as a result of the indexation of the interest rates at inflationary levels and the first 10-point increase, today's banking reference rate will be established above 60 percent. This level, according to the banks, represents a serious threat, "because no one will be able to pay such high interest, and this level will provoke a new increase in the levels of matured bank portfolios."

According to the Mexican Association of Credit Card Holders, the measure immediately affected the interest rates applied by credit institutions to mortgage, consumer, and automobile loans, which have already suffered an annual increase of between 50 and almost 70 percent.

Members of the organization threatened to declare a moratorium against at least 10 banks and to start, in case a decrease in interest rates is not defined, a large-scale suspension of payments.

Likewise, they urged Jose Maradiaga Lomelin, president of the Mexican Association of Bankers, to receive the representatives of this association and adopt specific measures to help card holders and other banking credit users.

Likewise, private banks did not rule out the possibility of implementing certain modifications to their programs for reorganizing matured credits, provided confidence returns to the financial markets.

Moreover, the Bancomer Financial Group stated the adoption of a monetary council might generate foreign exchange stability and, given the prevailing controversy over Banxico's role in the development of the financial crisis, it would be an appropriate mechanism to prevent possible errors in the handling of the foreign exchange policy.

The holding, led by Eugenio Garza Laguera, insisted a monetary council would eliminate the discretionary handling of the monetary policy in exchange for the formulation of strict rules whose main goal is to achieve stability. This stability would be achieved by wholly supporting, with foreign currency, a fixed exchange rate and certain liabilities in national currency.

Private bank members will continue to meet with Banxico President Miguel Mancera Aguayo to analyze the progression of the markets, to assess the role of the unit of account and the indexation of interest rates to achieve stability in foreign exchange policy, and to lower the interest rates.

Bank, Deputies Criticize Creation of Monetary Council

PA2002001495 Mexico City EL FINANCIERO in Spanish 17 Feb 95 p 3

[Report by R.E. Arroyo, G. Howard, and V. Gonzalez]

[FBIS Translated Text] It would be difficult in Mexico for a monetary council to prevent devaluations as certain U.S. firms have been advocating, because monetary problems could only be overcome with dollars.

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According to the Bank of Mexico, to speak of a conversion fund [caja de conversion] of this type "is the talk of the day; it is an idea being sold to the public opinion as if it were a panacea," but it is actually not the most appropriate solution for the country. It would be like "marrying an exchange rate for better or for worse."

The Bank of Mexico has asked: What would happen if Mexico had an external conflict with a mechanism of this type? Adjustments would have to be made in the areas of profits and jobs. "If conversion funds were so marvelous as they are trying to make it seem, why does the United States not implement them?" It is something like "the toxic medicines the United States exports to developing countries but does not itself consume."

Meanwhile, PAN [National Action Party] and PRD [Party of the Democratic Revolution] deputies have said a monetary council "would put us on our knees" before the U.S. Treasury, and our exchange sovereignty would end.

Raul Livas, of the PRD, has said a monetary council would mean "giving ourselves to the gringos." A solution would be the creation of control mechanisms that could limit the actions of the current governor of the Bank of Mexico before he leaves so that he "can no longer use foreign exchange as poker chips" or let them go down the drain.

Jorge Padilla, of PAN, has said if Mexico had a monetary council, the Federal Reserve and the IMF could "have a peso at an exchange rate that would be most beneficial for them, and we would no longer have sovereignty over our monetary system."

Alonso Garay, president of the GBM-Atlantico Financial Group, has said none of the members of this holding share the opinion, as certain analysts have, that the Bank of Mexico did not provide truthful information in 1994 and that its actions responded to political-electoral matters.

He has said: We respect the actions and behavior of the Bank of Mexico.

As the Mexican crisis continues, the possibility of creating a monetary council is becoming the center of debate even inside the IMF, but opinions are divided.

According to researchers from the Autonomous Technological Institute of Mexico (ITAM), even if the credit offered to Mexico by the international community were used for the creation of a monetary council, reserves would not be enough to establish this council without risks.

The lack of a security framework against inflationary movements or balance of payment deficits implied by instruments of this type would be dangerous in case of an emergency such as the one we have experienced in the last few months according to Alejandro Hernandez Delgado, general director of the Economic Academic Division and Research Centers of the ITAM.

Bancomer Group: Recovery Not To Compensate for Losses

PA1902010595 Mexico City LA JORNADA in Spanish 17 Feb 95 p 49

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] The Bancomer Financial Group (GFB) said yesterday that the recovery of productive activity, which authorities estimate will occur at the end of 1995, will not be enough to compensate for losses during the year's second and third quarters. Thus, a 1 percent decrease in the gross national product is "inevitable" this year, the GFB added.

When it presented its monthly report, the Group said that employment recovery, which started when the number of Social Security recipients increased 2 percent in 1994, will reverse in 1995.

The GFB added that although in several cases employment will increase because there is less foreign competition, the net effect will be a loss of jobs.

Bancomer commented that the austere salary increases in the framework of the economic pact, as well as the technological progress established in some sectors—such as the automobile industry—"will serve to attenuate the unemployment problem."

The report indicates that even though the sectors that signed the Agreement of Unity to Overcome the Economic Emergency agreed to avoid mass dismissals, job contraction will be inevitable and, thus, a 2-percent decrease is estimated in this sector for 1995, "a difficult year, especially during the first semester. The recovery is not expected until 1996."

Regarding the drop in production, Bancomer experts believe that the different sectors' behavior will be quite disparate this year, and will depend primarily on the degree of maturity required by the productive processes and each sector's sensitivity to interest rates.

In 1995, the document adds, such activities as construction and the production of capital assets will decrease by 5.3 and 3.4 percent respectively, while the production of intermediate goods and consumption goods will remain virtually at a standstill.

In the document Bancomer said that the decrease in the economy's liquidity, in accordance with the fiscal and monetary policy outlined in the economic emergency program, will be reflected in high interest rates, which will negatively affect the economy's growth, particularly in the second and third quarters of the year.

According to Bancomer, the stabilization of the exchange rate will be essential to stemming the continued increase of interest rates. The decrease of liquidity in 1995 and the prevailing political uncertainty preclude a rapid reduction of the cost of loans.

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Therefore, the document states, it is "crucial" that the economic emergency program begin to yield positive results and especially that inflation remain under control in order to give investors the hope of interest rates that will yield positively within a relatively short period.

Nuevo Leon Manufacturers Threaten Debt Moratorium

PA1802030095 Mexico City REFORMA in Spanish 16 Feb 95 p 15a

[Report by Juan Antonio Lara]

[FBIS Translated Text] Monterrey—Nuevo Leon manufacturers have threatened to declare a moratorium on their payments to the banks and the federal government if a financial truce is not declared. They have also warned that they will establish a common front at the national level to demand that the government look into their problems.

Alfonso Serna Villareal, president of the Nuevo Leon Association of Manufacturers (Caintra) integration committee, stated: "We want the government to listen to us because the situation is getting increasingly difficult." Serna Villareal's statements were made at a meeting that of approximately 1,000 micro, small, and medium-scale manufacturers.

Caintra General Director Fernando Villarreal Palomo said firms cannot pay their bank debts with the current interest rates. The officials commented that the Mexican economy's inactiveness is even more serious than the firms' financial problems.

The officials agreed that: "It is urgent for the government to present an economic reactivation program and put aside its goal to decrease inflation at the cost of the country's productive sector." They also pointed out that the December economic crisis has triggered the unemployment of 30,000 people in Nuevo Leon, out of which 6,000 are from the industrial sector.

At the meeting, Caintra officials reported on their efforts before state and federal authorities to alleviate the situation suffered by the manufacturers.

"The government cannot concentrate all its attention on Chiapas and on chasing an alleged criminal when there is another criminal who is traveling all over the world," said one of the manufacturers who took the stand. His words prompted the applause of all the people attending the meeting.

Another businessman, Antonio M. Rodriguez, asked Caintra leaders to request that the Finance Secretariat give them a 30-day extension to pay the taxes that are due in March. He also said unpaid balances should not be included in the tax statement so as to postpone the payment of taxes on them.

The people who attended the meeting also requested that the VAT [Value-Added Tax] be returned to them immediately.

Another proposal presented by the manufacturers was to request that the finance and public credit, commerce and industrial development, and IMSS [Mexican Social Security Institute] secretaries visit Monterrey on 1 March, to listen and respond to the private sector's proposals and demands. Armando Elizondo, one of the Mexican micro manufacturers, said the credit reorganization does not benefit the manufacturers.

Jaime Lozano Romo said: "I propose that we stop paying the IMSS the taxes on assets and other taxes and that, together with the businessmen, we start a civil resistance movement to get the government to pay attention to us." He added that government officials do not know the magnitude of the economic problem. "They have spent their time going to U.S. universities and studying at the expense of all the citizens," he said.

Canacintra Chief: Production Sector Decapitalized

PA2202205895 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 20 Feb 95 p 1

[Report by Amalia Frias Santillan]

[FBIS Translated Text] In an interview granted yesterday to UNOMASUNO, Victor Manuel Terrones Lopez, president of Canacintra [National Association of Manufacturers], warned that 92 percent of the production sector remains "decapitalized"; that there will not be industrial growth as 1995 will be a very serious, tough, and recessive year; and that we will have the additional problem of being virtually unable to create jobs. In addition, industries have been falling slowly into immobility since 1992. This is why it is urgent for the government to implement a financial and fiscal support plan within the next few months; many companies run the risk of shutting down in the near term.

The leader of the manufacturing industry acknowledged that "it is time to rescue the production sector, because some companies have halted production in the last three years because of the indiscriminate import policies. We have sectors like the capital goods sector that have almost disappeared, while others are receding. We demand economic structural change from the government, because we businessmen's spirits are very low since we keep coming up against the same problem: mistakes. This is why we are unable to develop as a country despite the many resources we have."

Interviewed in his office at Canacintra headquarters, Terrones said it is time for the government to turn its attention to the industries through a true industrial development program, "because they have lacked support. Foreign trade was particularly promoted, which is a policy that has failed to bear fruit because foreign markets are as volatile as the capital being traded on the Mexican Securities Exchange (BMV)."

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He added that the government must also begin promoting once more a campaign "that will foster the direct funneling of foreign capital to the production sector, as was the case in 1988 and 1989."

He criticized the fact that in Mexico, Mexican industries "cannot count on large financial and fiscal support, as is the case in developed countries, where the production sector is fully supported. This reason is why they have sound and strong economies."

The Canacintra chief maintained that the mini, small, and medium-sized industries "are going through a very difficult and critical time; we need to offer them alternatives for survival. We need to give them tools to ensure they will come through; we need to give them real hopes, because a country is rich only insofar as its production sector is efficient."

The industrial leader reiterated his insistence on the implementation of an industrial development plan, "similar to the one Herminio Blanco, secretary of commerce and industrial development, promised last week, because we need to prevent industries from falling deep into recession."

He explained that this industrial development plan must outlast the current six-year presidential term. "Canacintra has proposed since 1994 that the government devise mechanisms that will show us where we are heading for the next 25 years, as Asian countries do. Why can't we Mexicans make long-term plans?

Referring to the foundations on which the industrial development program must be based, Terrones said: We must have a deregulation and administrative simplification process at the federal, state, and municipal levels and a financial system that will let us again recapitalize 92 percent of the Mexican industries. In addition, we need a fiscal policy that will promote investments and that will not be too precautionary. This policy implies fiscal sacrifice, because the opportunities for investing and creating jobs will increase in the long term and because recapitalization will occur.

The industrialist also explained that it is time "for the vicious circle in which we are immersed to become a virtue. This is why we must recapitalize industries, encourage domestic savings, and promote foreign investment to ensure these will be funneled to the production sector, thus creating jobs. It is here that we will be able to develop the economy. But an adequate government policy is just what we need to achieve these feats."

In closing, the Canacintra leader underscored the fact that in light of the uncertainty that economic variables like the foreign exchange rate, interest rates, and fiscal matters are experiencing, I am insisting that it is very important to implement and execute the industrial development plan as soon as possible by means of financial and fiscal support, because we must prevent companies from shutting down in the short run and the recession from deepening in certain industrial sectors." [no opening quotation mark as published]

Communications Secretary on 1995 Budget, Program

PA2202203295 Mexico City XEW Television Network in Spanish 0430 GMT 21 Feb 95

[From the "24 Hours" newscast]

[FBIS Translated Text] This year the Communications and Transport Secretariat [SCT] will work with a budget of 16.491 billion new pesos in order to modernize the sector. Presenting the work plan for 1995, Communications and Transport Secretary Carlos Ruiz Sacristan disclosed that the resources will be used to give priority attention to six major areas: infrastructure, transportation, ports and merchant marine, communications, SCT centers, and technological development. He said that private participation will be promoted in 1995.

[Begin Ruiz Sacristan recording] If we are only to use public resources to expand and modernize our infrastructure, we will be left behind. [end recording]

Ruiz Sacristan's work plan stresses that, based on Article 28 of the Constitution, private participation will be increased and the railroad law will be submitted to the Congress of the Union. In addition, regulation of air transportation will be consolidated in order to promote more equitable competition among airlines and the bill for civil aviation will be submitted.

On telecommunications, he commented that new marketing systems will be designed so that private companies can participate in the establishment, operation, and exploitation of new satellites, as well as in direct television service to homes, mobile communications, and specialized satellites for digital networks.

He said that the new telecommunications and radio and television laws will be established.

Secretariat To Create Commission To Review Farm Problems

PA1802011195 Mexico City UNOMASUNO in Spanish 14 Feb 95 p 3

[Report by Griselda Sierra Valencia]

[FBIS Translated Text] The Agrarian Reform Secretariat (SRA) will attend to the needs of all farmers honestly and efficiently without succumbing to influence peddling. The SRA will not give in to pressures, other than those resulting from discussions and cordial relations with all institutions. These relations will be fundamentally and invariably sustained within a legal framework and in keeping with the dignity of the institution, Agrarian Reform Secretary Arturo Warman stated yesterday.

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During a meeting with the National Executive Committee (CEN) of the CNC [National Peasant Confederation] and members of the National Council of Democratic Peasant Unity (UCD) of the state of Jalisco, he stressed that one of the SRA's key tasks is to overcome the problem of agrarian backwardness. To do this, efforts will be redoubled to present solutions to the president of the republic and to peasants nationwide within an agreed timetable.

An agreement to create a joint national commission to conduct an accurate review of the country's ejidos was reached during the meeting held with members of the CEN of the CNC, which was headed by CNC Secretary General Hugo Andres Araujo de la Torre. This review will allow authorities to properly plan solutions that will lead to full security vis-a-vis land tenure and to begin the training phase.

It was noted that some 7,000 cases, of which 4,000 are centered in the Federal District because of problems resulting from urban growth, remain unresolved, whereas 80 percent of the remaining cases involve the CNC.

The joint national commission will conduct a thorough analysis of all agrarian cases at the state and regional levels to seek the best solutions within a reasonable period of time in coordination with authorities from each state.

Meanwhile, Warman made it clear to the members of the UCD that the country's current economic emergency and the resulting budget limitations do not imply that the activities and the works implemented by the SRA will come to a halt or that the commitment to overcome, once and for all, the problem of agrarian backwardness in our country will wane.

Warman stressed that the institution will offer, without bias or exclusion, truth and full honesty in the attention being demanded by the country's peasant organizations. Attention will be given within a framework of respect and absolute legality.

He also gave instructions for proceedings to be stopped in all cases involving two or more organizations in order to conduct a thorough investigation to clearly understand where the problem began, to go back to the beginning of the case, and to reach a legal decision without duplicity.

He explained that it is not true that, once the problem of agrarian backwardnesss is resolved, the Mexican state will no longer have an agricultural policy. On the contrary, he said, the end of this problem will mark the beginning of a new policy whose general guidelines will seek to give farmers full security regarding land tenure and advice on the effective use of land.

He added that this new policy will be based on such current needs as supporting the effort by peasant organizations to consolidate the allocation of land and to strengthen the organizational phase for production.

PRI Convention in Yucatan Nominates Gubernatorial Candidate

PA2002045295 Mexico City Radio ACIR Network in Spanish 0200 GMT 19 Feb 95

[From the "ACIR Radio News" newscast]

[FBIS Translated Text] This afternoon, the state convention of the Institutional Revolutionary Party [PRI] in Yucatan nominated Victor Cervera Pacheco as its candidate for governor in Yucatan for the state elections slated for 28 May.

Speaking before PRI national leader Maria de los Angeles Moreno Uriegas and approximately 15,000 PRI followers gathered at the main square in Merida, the candidate said there will be no concession making, because PRI followers in Yucatan reject it. He said he will be the first to respect the citizens' decision if he does not win, but he will be the most firm defender of the people's will if they elect him.

Victor Cervera Pacheco promised jobs. He promised to work without respite to make many necessary projects become realities. The PRI gubernatorial candidate for the state of Yucatan was sworn in by PRI national leader Maria de los Angeles Moreno before more than 12,000 PRI followers gathered at the main square in Merida.

In his speech, the former Agrarian Reform secretary said he will not accept any concession making:

[Begin Cervera recording] There will be no unfair or primitive practices if Victor Cervera wins, but I am telling those who try to conceal their selfish interests that if Victor Cervera Pacheco wins, there will be no concession making. There will be no concession making in Yucatan, because the PRI followers in Yucatan reject it. [Words indistinct] I do not accept democracy with [words indistinct]. I will accept the citizens' decision if they do not vote for me, but I will be the most firm defender of the people's will if they vote for me even if I win by a single vote. [end recording]

He also said Yucatan has changed a great deal in the last few years. He said Yucatan society is different, adding Victor Cervera Pacheco is not a quitter.

Meanwhile, Maria de los Angeles Moreno said here in Yucatan the PRI has shown it will remain alive as a political organization:

[Begin Moreno recording] To those who say the PRI will disappear as a political organization, let them come to Yucatan so they can see the determination of [words indistinct]. [end recording]

A few minutes ago, Maria de los Angeles Moreno herself registered Victor Cervera Pacheco as the PRI gubernatorial candidate in the state of Yucatan at the state's Electoral Council.

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EZLN Refuses To Surrender Weapons for Fear of Betrayal

PA2202172195 Madrid EFE in Spanish 0733 GMT 22 Feb 95

[Report by Fredy Martin Perez]

[FBIS Translated Text] Lacandona Jungle (Mexico), 22 Feb (EFE)—The Zapatist guerrillas are refusing to surrender their weapons as they fear the Mexican Government will betray them. They refuse to run the risk the Salvadoran rebel forces ran.

"If we surrender our weapons, we are nothing," Lieutenant "Jacob" of the Zapatist National Liberation Army (EZLN) stated when he met several reporters at a Lacandona jungle community in southeastern Chiapas State.

The EZLN began its fight on 1 January 1994, and for the past two weeks, the Mexican Army has been pursuing it and forcing it to retreat deep into the woods. The EZLN still hopes, however, that the conflict will end through peaceful means.

Nevertheless, the EZLN does not want its struggle to end as that of the Salvadoran guerrillas did, because it believes their social demands were frustrated since they joined the country's civilian life.

"They were deceived; the government promised to give them what they wanted, but when they surrendered their weapons, it went wrong for them," Lt. "Jacob" added.

The guerrillas, who were forced to leave their redoubts in the towns of the Lacandona jungle, are acknowledging the possibility of resuming the peace talks, but to do so, they are demanding the withdrawal of the government forces.

"We cannot do it in the current situation; the government must first withdraw its Army and then we will see if we resume the talks," the EZLN maintained.

For Lt. "Jacob," the Army's offensive and Mexican President Ernesto Zedillo's order to capture the EZLN's top leaders have failed to preclude the possibility of reaching a peaceful agreement. "We have some hope left for the talks," he pointed out, "this is why we do not want the war; this is not a game."

Lt. "Jacob" stated that the operations the Army is carrying out in Chiapas since 10 February have triggered an exodus of people living in the small communities located in the Lacandona Jungle, which the guerrillas used to control. This exodus, which is adversely affecting thousands of Chiapas Indians and peasants, is taking place amid bad weather conditions, the rigors of the jungle, disease, and hunger. "We have heard nothing from them, we cannot go to them, see them, or help them," the Zapatist guerrilla leader explained.

It is estimated that approximately 50,000 residents of three municipalities in Chiapas the guerrillas controlled chose to leave their homes and go into the jungle amid precarious conditions. This exodus is adversely affecting the residents of the municipalities of Altamirano, Las Margaritas, and Ocosingo, which together measure 17,579 square kilometers, 4,000 kilometers less than El Salvador's total area.

"Jacob" pointed out that military planes and helicopters, which fly "very low" and even fly at night, are overflying the Lacandona Jungle on a daily basis. He reported that the supporters of the ruling Institutional Revolutionary Party (PRI) are informing the authorities of the Zapatists' moves. He also reported that the residents of Indian communities are helping them move around. "We were ordered to resist. The Army will not cannot us with medicines we will not get anyway," the Zapatist leader concluded.

EZLN Members Surrender; Ocosingo Families Return Home

PA2202195695 Mexico City NOTIMEX in Spanish 0402 GMT 22 Feb 95

[FBIS Translated Text] Ejido Monte Libano, 21 Feb (NOTIMEX)—A group of alleged members of the armed group operating in the southeastern Mexican state of Chiapas surrendered voluntarily today to a Mexican army detachment. The group, made up of 11 alleged members of the Zapatist National Liberation Army (EZLN), informed authorities of their desire to abandon the armed group and inquired about their legal status.

Brigadier General Salvador Pena Garcia, who is in charge of the Monte Libano military post, said that at 0900 (1500 GMT) the Zapatists suddenly turned up, accompanied by deputy municipal agent Nicolas Hernandez Perez. Garcia explained that these members of the EZLN were not arrested because there is no oustanding warrant for them. He added that the role of the Mexican Army is not to arrest or investigate citizens, but to protect the population and prevent criminal acts. "Eleven unarmed people voluntarily turned themselves in. They are the first in the zone to desert the EZLN," Garcia said. The general explained that if contact with these former EZLN members is required they can be reached through the ejido authorities or municipal representatives who brought them to the Mexican Army.

The 11 members of the EZLN, who said they were originally from the town of Garibal, told the general that they joined the EZLN two months ago. The EZLN is an armed group that began an armed rebellion on 1 January 1994. "These people said they were members of the EZLN and that they were asked to join the EZLN after they were promised that land would be redistributed," Garcia said. According to the former EZLN members, "to date these promises have not been kept, which is why they quit the EZLN." "They were told that they could return to their communities, return to their normal activities, and enjoy the protection afforded all citizens," Garcia added.

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Monte Libano, in Ocosingo Municipality, 1,250 km southeast of Mexico City, is a region into which the armed group allegedly has fallen back after the Army regained control of a number of towns in Chiapas.

Meanwhile, on Tuesday 11 of the 600 displaced families living in Ocosingo Municipality began voluntarily returning to their original homes, under the protection of Mexican Army soldiers. A communique from the Chiapas Government says that 52 people, making up 11 families from the San Carlos ranch in Ejido Monte Libano in Otosingo Municipality have returned to their homes. Librado Tirano Lopez, technical secretary from the social services unit in the Social Development Secretariat in that locality, said that these people are returning to their homes after having remained here for over one year. Tirano Lopez said that trips were first made to investigate the zone. Later the residents voluntarily decided to return to their homes. The residents were given kitchen utensils, farming implements, and cattle.

Juan Alfredo Oropeza, general of the 7th Military Region, gave assurances that there are guarantees for the return of the 1,600 displaced families, made up of approximately 5,780 persons. Oropeza said that 16 families from Ejido Placido Flores will return to their homes tomorrow. On Friday, 170 families will return to Ejido El Censo. Twenty-three families plan to return to Ejido Agua Azul on 2 March. Oropeza added that Mexican soldiers are in the communities to provide social work, medical assistance, medicines, dental assistance, and social orientation, among other tasks.

In the capital of Chiapas, Tuxtla Gutierrez, Otosingo Mayor Jose Fernando Ruiz Ardinez said that with the arrival of the Mexican Army in Otosingos, tranquillity has been restored in the area. "Today, there is free access to all roads. The people are going shopping, as they normally do, in the capital. A change is evident because the town's merchants are doing business with other communities," Ruiz Ardinez said.

In Tuxtla Gutierrez, approximately 500 peasants occupied the offices of the Federal Electricity Commission's (CFE) Subdirectorate for Production in Rural Zones to protest the CFE's failure to build a drinking water system as previously agreed upon. Sergio Diaz Bonifaz, leader of the protesters, said that peasants from the Mezcalapa region, approximately 110 km west of Tuxtla Gutierrez, have control of the the CFE's offices. Diaz Bonifaz said that in 1976, when the CFE began construction of the "Manuel Moreno Torres" hydroelectric plant, the state-owned company promised to build a drinking water system for 450 families in the capital of the community by the same name. But more than 20 years later, "we have not received anything and to this date they have not built the drinking water system to replace the affected streams and rivers that used to supply us with drinking water," Diaz Bonifaz said. Diaz Bonifaz said the peasants are asking for 14 km of galvanized pipes and compensation payments for the damage to their crops caused by construction of the dam.

Refugee Leader: Government Forces Us To Join EZLN

BR2202135095 Madrid EL MUNDO in Spanish 21 Feb 95 p 18

[Interview with "Isaias," leader of refugees from Morelia, by Guiomar Rovira in the Chiapas mountains; date not given: "The Repression Is Forcing Us To Join the Zapatistas"—first paragraph is EL MUNDO introduction]

[FBIS Translated Text] Isaias is the ringleader of an exiled group of 6,000 Tzeltal and Tojolabal people. Isaias, aged 28, is now with his family and the other refugees in a corner of the mountains. He does not understand politics and does not even defend the Zapatistas. Nevertheless, he bears the conviction of a people which knows all about exploitation and servitude and which will not give in.

[EL MUNDO] What will you do as the Army moves in?

[Isaias] We have never participated in the Zapatista National Liberation Army [EZLN] but the people here are desperate and cannot take it any more. The government, through its repression and its laws for the rich is forcing us to join them. We will have no other choice.

[EL MUNDO] Why are you fleeing? What are they accusing you of?

[Isaias] They say that we are Zapatists. However, while [EZLN Subcommander] Marcos trained in Nicaragua for 12 years our struggle did not begin 12, 15, or 20 years ago, but 100 years ago. It is a fight for our right to the land. The EZLN has taken up the fight against injustice but it did not invent it.

[EL MUNDO] Do you think the government has broken its word by sending in the troops?

[Isaias] We no longer believe what [President] Zedillo says. We know all about the Pontius Pilate, Herod, and those like the Pharisee Caiaphas. Our rulers are just like them. They too prefer to wash their hands of the matter. They prefer death over life. Their life yes, but our death.

These same people say that the economy is sinking but they are lining their own pockets and wasting the budgets while thousands and thousands of native peasants, poor country folk, have nothing.

[EL MUNDO] The government claims it has already restored the rule of law in the Lacandona jungle.

[Isaias] I would not bank on it. Justice is being imposed in unjust ways. Where does that leave us? Where are we supposed to go? They do not have to tell us. We know where we belong, we know our customs, and our way of life and how to live it.

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If the Army keeps snapping at our heels we will reach the point of desperation. We will have nowhere left to run and we will have to fight them. We are human beings and we cannot become merely things. We need to be listened to, we need the journalists to tell the truth and "outside" bodies to bring us medicine and food.

We are proud to think that other organizations are fighting and we are sure that our brothers will continue to support us.

[EL MUNDO] What message does the native Indian community of Morelia want to send from its exile?

[Isaias] Morelia asks you to transmit this message: We want to return home. The Army must pull out and let us live our lives.

Human Rights Commission: Zapatist Leaders Tortured

PA2302202895 Paris AFP in Spanish 1434 GMT 21 Feb 95

[FBIS Translated Text] Mexico City, 21 Feb (AFP)—The government's National Human Rights Commission [CNDH] stated in a press report published today that four of the reported Zapatist leaders arrested in Veracruz State have been tortured by the police.

The men were arrested on 8 February in Yanga, Veracruz, where the judicial police discovered armaments intended for the rebel movement that rose up in arms in Chiapas on 1 January 1994.

As the result of the Yanga operation, the president ordered the arrest of Zapatist National Liberation Army [EZLN] leaders, including Subcommander Marcos, who was identified as Rafael Sebastian Guillen.

In its report, the CNDH stated it will ask the Attorney General's Office to report on the torture of the four reported Zapatists, the newspaper EL ECONOMISTA stated.

From 9-19 February, the CNDH received 34 reports on human rights violations related to the arrest of Zapatists, but no irregularities were observed in 24 of these reports.

The CNDH stated it was impossible to confirm an EZLN report that the Mexican Army had shelled two villages in the Lacandona Jungle area in Chiapas.

Government Appoints Economic Coordinator for Chiapas

PA2102192095 Mexico City Radio ACIR Network in Spanish 0200 GMT 20 Feb 95

[From the "ACIR Radio News" newscast]

[FBIS Translated Text] We have received a copy of a communique released by the Government Secretariat on 19 February.

In order to begin implementing rural programs in Chiapas immediately, the president of the republic has appointed agrarian administrator Dante Delgado Renauro as coordinator of the Social Welfare and Sustainable Economic Development Program for the State of Chiapas. He has also been appointed coordinator of federal agencies in the state.

Delgado will assume office immediately with due respect for the state's autonomy within a framework of understanding and coordination with the Chiapas government and the state's social and economic organizations. The Government and Social Development Secretariat will monitor the implementation of this program at all times.

PRD Criticizes Government Actions in Chiapas

PA1702155395 Mexico City LA JORNADA in Spanish 15 Feb 95 p 42

[Communique entitled "National Demand: Peace in Chiapas!" issued by the Party of the Democratic Revolution on 14 February; place not given; paid advertisement]

[FBIS Translated Text] No one can be deceived: A war against the EZLN [Zapatist National Liberation Army] has begun, placing the country in very grave danger. The participation of the Armed Forces in Chiapas is proclaimed a legitimate action. In the words of the government, the state has taken on the primitive characteristics of one taking violent measures: "We bring the reign of law," "we will reestablish the state of law."

Of course, this is not the implementation of the "vote for peace" or the "well-being for your family," but the breaking of the indefinite truce that the EZLN proclaimed to make possible the formulation of a political solution for the Lacandona jungle insurrection, which is the most vigorous and dramatic expression of the struggle to change the neoliberal path that sentences millions of Mexicans to lifelong exclusion.

The government cannot deny to the nation that it is responsible for breaking the Chiapas truce, an action that blocks the path toward democratizing the political regime and Mexican state, the path that the people have begun to travel to make their sovereignty a reality in the face of external oppression and internal repression. Before any other action, the government must reverse the 9 February decisions. It cannot deal a blow under the pretext of opening negotiations in the framework of the situation created by the military offensive and the persecution of EZLN activists and other human rights organizations.

This government is obliged, as the huge popular demonstration on Saturday, 11 February demanded, to decree peace just as it decreed the breaking of the truce. Because of the popular and democratic demand, it must order a halt to the military offensive and the deployment of the

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Army, demilitarize Chiapas State, stop the intimidating helicopters maneuvers, and end the state of siege in the conflict zone.

The arrest warrants must be canceled, and those arrested as a result of those orders must be released. The propaganda campaign that has created a lynch law atmosphere must be stopped, and the threats that prevent the most basic forms of dialogue must be halted. The prohibition against the national and foreign media's entry into the region surrounded by the troops must be lifted.

Above all, the climate of negotiation and agreement that had begun to be created just one month ago must be reestablished through the following measures: First through the withdrawal of the Army, and second by calling for new negotiations, which can only be credible if they are based on the proposals of the National Mediation Commission headed by San Cristobal Bishop Samuel Ruiz Garcia.

In its 10 February message, the EZLN reiterated its willingness to hold a dialogue with "the condition that the pressure against Subcommander Marcos be reduced," therefore bringing closer a just and honorable peace. It reiterated its willingness to maintain a truce even in the most difficult situation, pulling back its forces "to avoid a clash with the Army." These proposals disprove the attorney general's accusations about the Zapatists' alleged decision to begin a national offensive. They also constitute a starting point to renew the dialogue.

Now is the time when the government must decide whether it will be responsible for the destruction of an entire region, its Indian people, and its natural resources, and whether it will bear the stigma of having sent Indians and soldiers to their deaths.

It also time to make a decision on the country's future. The breaking of the Commitments for a National Political Agreement signed on 17 January demands an initiative from the democratic political forces and a popular mobilization of the greatest magnitude to open negotiations that will lead to real changes in the nation's political life; to put the issue of new elections in Tabasco State on the agenda again; to initiate the discussion of a new electoral law by the parties and the government; to open debates and establish commitments for democratic reform of the state; to address the demands and rights of the Indian peoples; and to disclose all information about the $51 billion loan and place in the hands of the people all the decisions about obtaining it. In short, conditions must be created for a transition to the democracy that has been so seriously obstructed.

In view of the executive branch's insistence on submitting to the Congress of the union an amnesty law during extraordinary sessions, the PRD's CEN [National Executive Committee] states:

1. This law, in any case, must be the result of the peace process and must be adopted at the end of such a process.

2. Any amnesty that is now conditioned to the laying down of weapons, that establishes an expiration date with regard to the crimes to which it applies, or demands that those benefiting from the law accept it would only complicate the situation and would limit the federal government's options.

Eduardo Robledo Rincon's request for leave might be viewed as an action to reduce the acute tension created by the 9 February decisions. Nevertheless, this action must be followed by others that will lay the foundations for transition in Chiapas: first, the Army's withdrawal to its positions on 1 January 1994, and the elimination of the signs of "arrogance" to which Dr. Zedillo referred in his speech today, 14 January, bringing about the termination of the measures of force being implemented.

DEMOCRACY NOW, FATHERLAND FOR ALL!
PARTY OF THE DEMOCRATIC REVOLUTION
NATIONAL EXECUTIVE COMMITTEE
Responsible for publication: Cesar Yanez

Democracy 2000 Issues Message Urging Dialogue in Chiapas

PA1802032395 Mexico City LA JORNADA in Spanish 15 Feb 95 p 20

[Message issued by Democracy 2000 to President Ernesto Zedillo, the EZLN, and the Mexican public in Mexico City on 15 February—passages within boldface as published]

[FBIS Translated Text] **"...there are no valid reasons to endorse the path of bloodshed in our country..."—Luis Donaldo Colosio Murrieta**

The confrontational conditions that prevail in our country threaten to obstruct the peaceful transition to democracy, polarize positions, and generate a climate of tension that could lead to the curtailment of civil liberties. The intransigence by one side or the other turns every Mexican into a hostage of uncertainty.

The judicial and military measures implemented because of the Chiapas problem do not guarantee a just and decent resolution to a political conflict with deep social roots, but, on the contrary, they worsen it. It is necessary for all sides to recognize before society that the only definite solution is through POLITICAL DIALOGUE.

In view of this, we call on the sides involved—and we call on them as brothers—to favor politics and not force. Mexico needs solutions, not martyrs.

Let us give back to politics its creative capacity to build consensus to reach just and decent agreements that are credible and in good faith in order that politics will always be the only instrument for resolving our differences.

Despite the suspicions and lack of trust that are now menacingly feasting on Mexican society, it is necessary,

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as part of the solution to the conflict, for the many political and social forces to make a new effort of political creativity that will begin with the Congress' summons for a NATIONAL DIALOGUE TO REFORM THE MEXICAN STATE to channel the common efforts and consensus that will end with the implementation of a national development plan with democracy and social justice.

We stress our opposition to violence and war. Let us preserve the highest values: LIFE AND PEACE.

"For a Democratic PRI [Institutional Revolutionary Party]"

[Signed] For the National Coordinating Board: National Coordinator Luis Priego Ortiz, Political Action Secretary Ramiro de la Rosa Bejarano, Organization Secretary Jorge Conchil Fragoso, Regional Coordination Secretary Fernando Espinosa de los Monteros, Civic Registration Secretary Elias Barajas Romo, Electoral Action Secretary Isidoro Armendariz Garcia, Youth Secretary Enrique Celorio Pedrero, Human Rights Secretary Carol Antonio Altamirano, Environmental Secretary Felipe de Jesus Hidalgo Ornelas, Broadcasting Secretary Vicente Gerardo Pensamineto Maldonado, Finance Secretary Martin Alberto Sanchez Sanchez, International Affairs Secretary Ruben Perez Anguiano

For the State Coordinating Boards:

Aguascalientes: Roberto Tavares; Baja California: Roman A. Abarca C.; Baja California Sur: Martin Cacana; Campeche: Enrique Celorio; Coahuila: Jose Martinez Velero; Colima: Oscar Burroza Barrera; Chiapas: Abraham Uyca C.; Chihuahua: Nemesio Lopez J.; Federal District: Martin A. Sanchez S., Victor Viruena, Jesus Romero, Jorge Avendano, Jorge Sandoval, Tobatlun Alvarado B., and Luz Maria Pacheco; Durango: Silvestre Flores De los Santos; Guanajuato: Felipe Hidalgo O.; Guerrero: Ciceron Najara R.; Hidalgo: Hector Curiel and Fabian Lopez; Jalisco: Fernando Espinosa, Alejandro Mayorquin, Octavio Jimenez, Isabel Gomez, and Ruben Avila; Mexico: Alejandro Del Rio, Julio Cesar Vanegas, Gerardo Rivera, and Jesus Torres Aldana; Michoacan: Alfredo Tapia and Jaime Dario Osagusta; Nayarit: Martin Zamora, Joel Murgo Huerta, and Juan Carlos Cevalica; Oaxaca: Arquimedes Garcia, Victor Vargas, Max Vargas B., Filemon Lopez N., and Edgar Perez Velasco; Queretaro: Rafael Martinez Escamilla, Carlos Silva, and Rafael Tirado; Quintana Roo: Jorge Tirado; San Luis Potosi: Isaac Barronse Casasola, Jorge Francisco, Marcelino Alonso, and Jose Sanchez Aguilar; Sinaloa: Jose Felix Lopez Lizarraga; Sonora: Jose A. Guerrero; Tabasco: Lorena Beauregard; Tamaulipas: Jesus Lozano A.; Tlaxala: Jorge Corichi F.; Veracruz: Jorge Munoz Castro; Yucatan: Manuel Pena M.; Zacatecas: Elias Barajes

Spain's Solana Arrives on Official Visit

LD2002091395 Madrid RNE-1 Radio Network in Spanish 0700 GMT 20 Feb 95

[FBIS Translated Text] Amid the economic and political crisis, Spanish Foreign Minister Javier Solana has arrived in Mexico to begin a three-day official visit. Solana, who described bilateral relations as excellent, is scheduled to have talks with President Zedillo tomorrow, Tuesday. Juan Luis Diaz Prats, our special correspondent in Mexico, reports.

[Diaz Prats] Minister Javier Solana begins his official visit to Mexico today. Its importance is indicated by the fact that it is the first visit by a senior representative of a foreign government since the economic crisis in December and the worsening of the Chiapas crisis in February.

Solana's first words on Mexican soil, at midday on Sunday, were to express the Spanish Government's total confidence that Mexico will emerge from these crises successfully and soon.

This morning Solana will have talks with Jose Angel Gurria, his opposite number, and with Interior Minister Esteban Moctezuma, with whom he will discuss the presence and activities in Mexico of Basque Fatherland and Liberty [ETA] terrorists.

Cited on Extradition Treaty

PA2302165995 Mexico City NOTIMEX in Spanish 2124 GMT 20 Feb 95

[FBIS Translated Text] Mexico City, 20 Feb (NOTIMEX)—Spanish Foreign Minister Javier Solana said today Mexico and Spain must study the extradition treaty the two countries have signed in order to come up to date on such crimes as terrorism.

The Spanish foreign minister has also said Mexico is willing to help his country conduct more effective police investigations and to establish a legal relationship that will allow the bilateral extradition treaty to be modified.

After meeting with Mexican Foreign Secretary Jose Angel Gurria, Solana said the two countries have agreed to begin working on the creation of the Spanish-Mexican Cooperation Commission [Comision de Cooperacion Espana-Mexico] and the Economic Trade Commission [Comision Economica Comercial].

Once the groundwork is ready, Mexican President Ernesto Zedillo will travel to Spain to sign the corresponding agreements, added the Spanish foreign minister, who began a working tour on 19 February.

At a news conference, Solana underscored that, during the meeting, they also discussed the Basque organization ETA and the Zapatist National Liberation Army (EZLN), which operates in southeastern Mexico, as well their presumed ties.

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According to the Spanish diplomatic chief, Foreign Secretary Gurria has denied there is evidence suggesting the Spanish and Mexican armed groups are linked, but Mexican authorities will continue working to pinpoint any type of relation that may exist between the ETA and the EZLN, although the Spanish party has nothing to show either, the Spanish foreign minister has said.

Solana also spoke about the negotiations the Mexican Government is undertaking with the United States in order to obtain economic resources and said the timely signing of an agreement between these two countries would stabilize the financial markets.

Mexico, he has said, is a strong country and will probably overcome this situation. He has stressed his trust that the agreements between Mexico and the United States would conclude as soon as possible to instill security and calmness to the international financial markets.

Spain believes Mexico is an important nation due to the broad relations they have maintained for many years; besides, the European Union is interested in broadening its relations with this Latin American nation, the diplomat has said.

The EU is interested in maintaining a broad and close relationship with Mexico, because it is a NAFTA signatory. This is why the EU will seek to broaden its relations in 1995, he has said.

It is expected today the Spanish diplomat will meet with Mexican Government Secretary Esteban Moctezuma, Cuauhtemoc Cardenas, leader of the opposition Party of the Democratic Revolution (PRD), and businessmen.

The Spanish foreign minister will meet on 21 February with President Zedillo, Mexican Government officials, leaders of various political parties, and academicians.

Solana will end his visit to Mexico on 22 February and will travel to Panama to attend the meeting the San Jose Group and EU countries will hold.

Interviewed on Bilateral Ties

PA2202231995 Mexico City XEW Television Network in Spanish 0430 GMT 21 Feb 95

[Interview with Spanish Foreign Minister Javier Solana by anchorman Jacobo Zabludovsky at the XEW television studios in Mexico City; from the "24 Hours" newscast—live]

[FBIS Translated Text] [Zabludovsky] Mr. Solana, good evening.

[Solana] Good evening.

[Zabludovsky] Thank you for granting us the honor of your visit to our studios.

[Solana] It is a pleasure.

[Zabludovsky] Sir, what is the reason for your visit to Mexico?

[Solana] The main reason is to contact the new Mexican Administration at a very special time for Mexico and for the relations between Spain and Mexico. As you know, Spain will be the president of the European Union in the second half of this year, and we do not only have an interest in our bilateral relations, which are very deep, but would like to promote the best relations between Mexico and the European Union.

[Zabludovsky] President Ernesto Zedillo will receive you tomorrow. By the way, you and President Zedillo were both public education secretaries, right?

[Solana] Yes, we were, and I have very good memories and a great friendship with him.

[Zabludovsky] What will you discuss with him tomorrow?

[Solana] We will discuss the relations between Spain and Mexico, which, fortunately, are very good. We want to increase and improve them. We will also talk about the Mexican situation. I want to express the support and the confidence that not only Spain but all the European countries have in Mexico, a great country that is going through certain financial difficulties, but I am certain that it can overcome them.

[Zabludovsky] What will the offer for support consist of?

[Solana] As I have said, aside from maintaining the bilateral relations—from the viewpoint of trade and investments—we will do everything we can to bring the European Union and Mexico closer. We are interested for the sake of Mexico, because it is a great country. It is also a country that has relations with the north, the United States, through NAFTA, and Europe cannot forget this new situation.

[Zabludovsky] What is the status of the review of the extradition treaty between Spain and Mexico?

[Solana] I spoke about that with the foreign secretary and Government Secretary Moctezuma this morning. It is very important for us to have an extradition agreement between Spain and Mexico. We have an agreement right now, but it needs improvement.

[Zabludovsky] What would such an improvement entail?

[Solana] Basically, the extradition treaty needs the incorporation of a crime that no one doubts is one of the worst crimes: terrorism.

[Zabludovsky] How would you describe terrorism, separating it from the pure political concept?

[Solana] I feel that terrorism is not a political matter. Terrorism is aimed at terrorizing, as its name indicates, and that has nothing to do with politics. Politics means talking, holding dialogues, using one's intelligence instead of weapons and terror. Consequently, I believe

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that terrorism cannot be discussed as an issue that has any political connotation. It is a crime.

[Zabludovsky] The Spanish Government is paying for the stay of six ETA [Basque Fatherland and Liberty] members in the Dominican Republic.

[Solana] Yes, there are some ETA members in certain Latin American countries, there are some in Mexico.

[Zabludovsky] Why does it support them?

[Solana] They are in the Dominican Republic because they were displaced from French jails.

[Zabludovsky] Is there any link between ETA and similar Mexican groups?

[Solana] Well, the relationship between the Mexican and Spanish police is very close, but so far, we have been unable to find any cause and effect relation. But I can tell you that I am certain that investigations will continue on the part of Mexican authorities to establish if there is any link.

[Zabludovsky] Last week, EL PAIS stated in Spain that a link had been found between ETA and the EZLN [Zapatist National Liberation Army], is this correct?

[Solana] I have not read that report. I have been outside of Spain for a few days while traveling in these lands. But I can tell you that Mexican authorities are investigating the matter and so far, have found no links. However, this does not mean that they will not be found in the future.

[Zabludovsky] Let us talk a bit about Spanish internal politics. Another Spanish newspaper, ABC, directed by Luis Maria Anson, today published the results of a poll. According to this poll, if elections were held in Spain today, the Popular Party would win.

[Solana] It is probable for a poll conducted today to yield such a result. However, the key poll is not one conducted in the middle of the legislative period. The key poll is that which is conducted at the end of the legislaltive period when the elections are held. I hope that, in the end, the voters will appreciate the work and effort the government has made during the past few years and will continue to back us. But it is true that the government has been in power for 12 years. The deteriorating effect of a long time in government can always be felt.

[Zabludovsky] Do you think that a limited term in office, like in other countries, should be established?

[Solana] In Spain, we hold general elections every four years. Thus, the citizens freely elect the party they want to govern and the party proposes the person they want to rule. The difference between presidential and parliamentary regimes is great. In parliamentary regimes, there is no limitation as to the term of the mandate because citizens decide what party they want in government every four years.

[Zabludovsky] However, the laws could be changed to prevent the possibility of a party being re-elected after a period of let us say 12 years.

[Solana] I do not see it that way. I do not see that in a parliamentary regime. That does not exist anywhere in the world. There are limitations in a mandate, but this is in countries where there are presidential regimes, but not in parliamentary regimes. Consequently, it would not be reasonable for us to do it. It is true that parties or the deputies, or the parliament members can limit a person's mandate. But it is not reasonable for it to be in the laws.

[Zabludovsky] How do you view, from the other side of the Atlantic, Mexico's situation, politically and economically?

[Solana] Well, from the Spanish and European point of view, we look at the Mexican situation with concern. The little economic and financial ups and downs it is experiencing are viewed with concern. We live in a world that is quite different from the one we lived in a few years ago. It is a globalized world. What happens in one country can affect others very quickly. What we would like to see is for Mexico to find its financial stability as soon as possible, so that this financial instability will not have profound economic repercussions. This is our wish, and we have helped in this respect. We have helped through the IMF. The United States is not the only one trying to help Mexico. There are institutions like the IMF, of which Spain is a member, and the Basilea Payment Bank, of which Spain is a member, helping too. Consequently, it is an international operation to put an end to a financial disorder occurring in a country. But I insist, it could be happening to Mexico now, but it could happen elsewhere tomorrow.

[Zabludovsky] According to your agenda, you will meet with leaders of the country's main political parties. This afternoon you met with Cuauhtemoc Cardenas, former presidential candidate of the PRD [Party of the Democratic Revolution]. What did you discuss with him?

[Solana] I listened to his views about Mexico's economic and political situation. I also asked him about information on the commemoration of the 100th anniversary of former President Cardenas. President Cardenas was very important for Spanish exiles back then. I expressed my wish to join the commemoration of his father's anniversary.

[Zabludovsky] We feel great admiration for Spanish history and culture, Mr. Solana. How do you think Mexico and Spain can bring their commercial, cultural, technical, and social relations closer?

[Solana] If one looks a few years back, one will see the extraordinary change in the relations between Spain and Mexico, and this is true not only in politics. There is a flowing political dialogue right now. We have, if you allow me to say, the same eyes to view the world. We meet more than once a year to talk politics. The trade

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flow has increased, and not only that, Spanish investments in Mexico and Mexican investments in Spain have increased remarkably. Some important Mexican firms are operating freely in Spain, and this is reciprocal; some large Spanish firmst are operating freely in Mexico. I think that in recent years, relations have increased intensely. This is also true in the cultural sphere. The relations between our universities and our research centers, as well as the exchange of experiences between Spanish and Mexican cultural personalities keep increasing. It is a source of great satisfaction for me. I have had profound relations with this great country from the time when members of my family had to seek exile here in Mexico. Thus, sentimentally speaking, I feel very close to this country too.

[Zabludovsky] After the 60 hours of your visit to Mexico end, what do you think you will have accomplished?

[Solana] I think, two things: first, to have collected more precise information about the Mexican situation. I believe that you can have a very distorted view, the wrong view of what is happening in Mexico after reading the international press. I think that the international media are not giving a true picture of what is truly happening in Mexico. I think that events are being dramatized to the point of exaggeration. Second, if I have been able to convey a sense of confidence from a friendly country, Spain, to Mexican authorities and citizens, I will feel very satisfied.

Acknowledges ETA's Presence in Mexico

BR2202161195 Madrid ABC in Spanish 22 Feb 95 p 26

[Report by Torcuato Tena Benjumeo: "Solana Acknowledges ETA Groups' Presence in Mexico"]

[FBIS Translated Text] Mexico City—Mexico's Secretary of Government's Office, together with that of Foreign Relations, stated yesterday that Spanish Foreign Minister Javier Solana, who is in the Mexican capital, has frankly acknowledged that the presence of ETA groups in this country is certain.

Nevertheless, according to Solana, no evidence of a connection with the Zapatist National Liberation Army (EZLN) or, even less, of a ruined ETA's alleged funding of the guerrilla group cornered in Chiapas, has as yet been found.

The foreign minister stated that "however, this investigation will continue jointly, since there is a presence of ETA groups in Mexico, but so far no specific connection with the events in Chiapas has been established.

Javier Solana met Monday with the secretaries of government and foreign relations, and with the secretary of mines and energy.

Yesterday, Tuesday, he was received by President Ernesto Zedillo, and met with leaders of the three largest parties in the Mexican Chamber; the leaders of the Institutional Revolutionary Party, the National Action Party, and the Party of the Democratic Revolution—Castillo Peraza, Maria de los Angeles Morono, and Porfirio Munoz Ledo, respectively.

Swedish, Mexican Banks Sign $10 million Credit Accord

PA2302201695 Mexico City NOTIMEX in Spanish 1922 GMT 23 Feb 95

[fBIS Translated Text] Mexico City, 23 Feb (NOTIMEX)—Mexican bank Banconer [name as received] announced today that it had signed a $10 million credit line agreement with the Skandinaviska Enskilda Banken.

The Mexican financial institution will now be able to count on capital to promote the development of major sectors of the country's economy by granting credit to corporations that need to import machinery and equipment from Sweden on a long-term basis.

The credit line agreement signed with the Skandinaviska Enskilda Banken, considered as one the leading Swedish financial organizations, is the first one established with a Mexican institution.

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Guatemala

Government Wants Mexico To Host Talks With URNG

PA2202172595 Guatemala City PRENSA LIBRE in Spanish 19 Feb 95 p 3

[FBIS Translated Text] The Peace Commission reiterated this week its determination to have the peace negotiations between the government and the Guatemalan National Revolutionary Unity [URNG] continue in Mexico, even though members of the URNG want to discuss one of the issues in Madrid, Spain.

It appears that the URNG has not accepted the government's proposal to continue the negotiations in Mexico City and that it wants to discuss the role of the army in a democratic society and the strengthening of civilian society at another venue.

The Peace Commission has stated its concern over the existence of rebel groups that no longer obey the guidelines of the URNG General Command and thinks that although these groups are small, they could delay compliance with the agreements that may be signed.

Government Dismisses Transferring Talks to Honduras

PA2302192995 Mexico City NOTIMEX in Spanish 2035 GMT 22 Feb 95

[FBIS Translated Text] Guatemala, 22 February (NOTIMEX)—A government source said today the Guatemalan Government has dismissed the possibility of transferring the peace negotiations from Mexico to Honduras, because such a move would entail the expense of moving equipment.

Hector Rosada, head of the government's Peace Commission (Copaz), thanked Honduran President Carlos Roberto Reina on the government's behalf for offering Honduras for the continuation of the peace talks.

Rosada said, however, the Guatemalan Government "feels more comfortable negotiating in Mexico due to logistics and convenience, and because it would be complicated to move its equipment."

"We appreciate the Honduran president's offer, but Mexico has hosted the negotiations for almost the entire time."

Rosada also said "the commanders of the Guatemalan National Revolutionary Unity (URNG) live in Mexico."

Luis Becker, a member of the URNG Political-Diplomatic Commission, disclosed yesterday that President Reina had offered to have the peace talks continue in Honduran territory.

Rosada said Spain, Argentina, Sweden, Venezuela, and other Central American countries have also made official offers.

Peace negotiations between the Guatemalan Government and the URNG rebels will resume on 1 March, provided the guerrillas accept the new timetable proposed by the United Nations, which is the main mediating organization in Guatemala's peace process.

According to the timetable, a peace agreement would be signed on 15 August.

The armed conflict, which the Army and the rebels have waged for 34 years, has claimed a total of 175,000 lives, left thousands missing or as refugees, and caused millions in losses for the economy.

URNG Leader on Negotiations, 1995 Elections

PA1602165695 Guatemala City LA HORA in Spanish 8 Feb 95 p 4

["Part" of "exclusive interview" with Jorge Ismael Soto Garcia, alias Pablo Monsanto, a member of the URNG General Command, by Victor Hugo de Leon M. in Mexico City "at the beginning of February;" first three paragraphs are LA HORA introduction]

[FBIS Translated Text] After five years of political negotiations, the insurgents, in the voice of one of its commanders, the youngest, who uses the alias Pablo Monsanto, have announced that the guerrillas are fully willing to participate in the 1995 elections, regardless of whether the agreement for a definitive solution to the 34-year-old armed confrontation has been signed.

The insurgent leader bases himself on direct contact with different political forces, which began with the Christian Democrats and has continued with other forces. The latter were not revealed by the commander "for reasons of security for the politicians" who have spoken with the insurgents.

Here is part of the exclusive interview in Mexico City at the beginning of February.

[De Leon] Is it possible that definitive agreements will be signed this year?

[Monsanto] The URNG [Guatemalan National Revolutionary Unity] has always been fully willing to reach a political agreement that will mean the solution of the armed internal conflict as soon as possible...

It is public knowledge that we made a proposal to be signed on 1 February. The agreements were based on the proposals presented by civilian society regarding the three essential topics pending discussion.

[De Leon] I understand there are four topics, because the topic of the identity and rights of indigenous peoples has not been approved.... Isn't that right?

[Monsanto] Yes...it is true. But that is why we have proposed that this topic be concluded as soon as possible so the agreement can be signed immediately.

[De Leon] Is it possible so soon?

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[Monsanto] We believe the time it takes to sign a peace agreement is determined by the willingness of the two parties...

[De Leon] Nevertheless, Commander, each side blames the other for a lack of willingness. There has always been a war of words after each meeting. Who does one understand and who does one believe?

[Monsanto] I think the Guatemalan people have lived for many years in an atmosphere of political disinformation about events in the country.... The negotiations do not fall outside the nation's life. We have thought about this, and we have proposed that the truth be told. If the real facts were known, not only about the negotiations but also about events in the country, obviously those who are now in power...those who maintained themselves in power, would have to pay a very high price from a political point of view. The great majority of Guatemalan people would make them pay at the most opportune moments. Who does one believe? Reach your own conclusion.

[De Leon] Thirty-four years and some months have passed since the armed struggle began in November 1960. The structures of power remain the same, and the poverty is even worse. Therefore, the war is useless...

[Monsanto] Well...that is not the URNG's view. We are fully convinced that the changes taking place in Guatemala now and those that might be undertaken following the negotiation process and the political solution mean that, to a great extent if not totally, the struggle we have been waging for more than 30 years has achieved results.

If we were not a political-military movement, neither the Army nor the other elements of power would be on the other side of the table discussing with the URNG how to lay the foundations for solving the country's basic problems. And if that possibility exists now, it is because we are an active political-military movement.

[De Leon] ...? [as published]

[Monsanto] The day the URNG stops being that, the possibility will not exist.

[De Leon] That is why you say this is not a matter of surrendering or of delivering weapons as the Army wants?

[Monsanto] Exactly! That is why we pay no attention to people who present themselves as a focus of humanitarian arguments to call for a suspension of the war. These arguments can be used even if there is no war. The people will always suffer more from the hunger, injustice, and poverty that exist in Guatemala than from the direct effects of the war.

[De Leon] So is it possible to maintain the war and dialogue as well?

[Monsanto] We have maintained this dialogue for the past five years based on the URNG's search for a political solution. Remember that the opening of a dialogue for political understanding came as a result of URNG proposals. All this was in spite of strong opposition from the Army, which forced the government to reject the dialogue. We have had to develop this dialogue in an atmosphere of war and repression in Guatemala. The government has had to negotiate with us because there is a war.

[De Leon] That is why you say "the dialogue is a struggle, not a surrender."

[Monsanto] We say that the dialogue is part of the struggle to create democratic opportunities for the Guatemalan people. If this dialogue could take place in another environment and yield the same fruits, we would fully accept the different environment. We are not warmongers and don't like war. We have resorted to it because the country's doors were shut. The Army holds the power. The military holds not only military power in Guatemala but also economic and political power.

[De Leon] We think the signs with the message "We wage war to secure peace" are inconsistent.

[Monsanto] It appears to be a contradiction, but we would not need peace talks if we did not have a war.

[De Leon] Let's now discuss political parties and election aspects. It is believed that once definite agreements are signed, you will be registered in the political process. It is believed you will not take risks in a society that is still intolerant of ideological pluralism.

[Monsanto] We are definitely registered in Guatemalan politics. We just have not participated legally. However, we do have a political presence and make political propositions and political analyses that are the product of the movement to which we belong. There are risks, as you said, but negotiations and political solutions must cause these risks to gradually disappear. We are prepared to take risks. We have taken risks during the war, and there will be risks in peace. The life of a fighter is a risk, and risks will be taken if we participate in an electoral process.

[De Leon] Remember Colombia? The guerrilla leaders who participated in the election process were murdered.

[Monsanto] Colombia's example is tragic and tough, with the revolutionary forces paying a very high price. But Colombian society as a whole is suffering the consequences. We believe that conditions must be created in Guatemala for our integration, for the URNG's incorporation into the framework of a process of peace and legality. This is one of the points we are discussing with the government at the negotiating table.

[De Leon] These conditions are far and away due to the slowness of the negotiating process...

[Monsanto] We hope it will not take long. I insist on the parties' resolve.

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[De Leon] What is the future you see at the election level, and what is your likely participation in the elections?

[Monsanto] As the URNG, we believe that first we must create conditions in the country to form a national front by consensus, a front where most people will be able to participate in a democratic project, the main objective of which must be to defeat the right. We have viewed with concern the establishment of rightist systems in Guatemala. This situation leads us to believe that sectors that are not exactly democratic could set up and consolidate power in Guatemala, thereby constituting a step backward in the consolidation of democracy.

[De Leon] This year's general elections are just around the corner.

[Monsanto] The URNG already decided to actively participate in the elections. We will not remain passive observers in these elections, which, as you said, are just around the corner. Being the political force we are, not only will we present planned elements in the electoral struggle, but we will also promote this national front to set up a truly democratic system in Guatemala.

[De Leon] Then the peace signing is very close...

[Monsanto] We will participate in the elections, whether a definitive peace agreement has been signed or not.

[De Leon] Obviously, you belong to the left. Is this force or are these forces splintered in Guatemala?

[Monsanto] We believe unification is possible through a political platform geared toward uniting the largest number of democratic sectors. We do not view this as a leftist project but as a democratic project whereby all of Guatemala's progressive, popular, and revolutionary forces can be brought together. This platform must be a consensus platform. We believe there are already enough elements for this platform, so the conditions for this great national front could already exist.

[De Leon] Then we will have to seek candidates...

[Monsanto] Right, this national front must be prepared to introduce candidates for president and vice president.

[De Leon] Who among you will be a candidate?

[Monsanto] We do not think this is the time for a member of the URNG leadership to be a candidate, but we are willing to actively participate in the process. We must think of the candidate or candidates as an individual or individuals who could amalgamate large groups, largely supported by the country's democratic and popular forces, and with a platform that will express the interests of the majority.

[De Leon] If you already have a profile, what is the name of this individual or these individuals?

[Monsanto] We would rather not name anyone yet. There are several possibilities, but we do not think we should name him until everything is defined.

[De Leon] Do these things you are mentioning have something to do with the meeting you held with the Christian Democratic leaders here in Mexico?

[Monsanto] We talked with Christian Democratic leaders here in Mexico. The meeting was made public because one of its top leaders reportedly told a high-ranking military officer, who in turn made it public for reasons already known... Anyway, it was only a meeting. There were no commitments whatsoever by either side; that is, neither we nor they made any commitment.

[De Leon] Were there other meetings?

[Monsanto] Yes, we have met with other political groups and parties.

[De Leon] Which ones?

[Monsanto] I don't think it would be wise to say which one. You know how the government treats this, thanks to Army intervention, when one speaks of some contact or about some agreement with our way of thinking...

[De Leon] Let us get back to the elections. Your group says they will definitely participate. How do you see things? What are your expectations for the 1995 elections?

[Monsanto] We see that it can be one of the most important processes to take place in Guatemala these past years. We reckon that opportunities for participation will arise for the first time for all sectors and for all political and social forces to participate in Guatemala's great decisions. We are sure this process will be one of those opportunities for participation. That is why we seek participation through political negotiation. We believe we have the right, the ideas, and the political clout! We also believe that our position appeals to many sectors of Guatemalan society and that this will tend to revitalize democracy. This can serve to give the system a different structure and image, as was previously the case.

[De Leon] We ask again, Commander: Will peace be signed before elections?

[Monsanto] Not necessarily. There could be political agreements. Within this peace process, there could be political agreements that guarantee the participation of the URNG in the 1995 election process, even though peace has not actually been signed. Peace is determined by the end of the discussions and agreements on each of the topics pending negotiation.

[De Leon] When you speak of political agreements, are you referring to your contacts with the previously mentioned political groups?

[Monsanto] No. At one time or another this has been part of our relationship with parties and political forces in Guatemala. This last reference is for the sake of the state, in others words, for the state organizations and possibilities that may open for URNG political participation in the midst of the negotiation process, even

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though the negotiations may not have concluded. This does not mean that we do not have the resolve to conclude negotiations before the start of the election process.

[De Leon] Then what..?

[Monsanto] If we sign the peace agreement before the election process, excellent, magnificent! We are willing. That is why we said right from the beginning that signing is determined by the resolve to reach agreements with content...

[De Leon] Do you really expect a different Guatemala following the 1995 elections?

[Monsanto] At least we expect to lay the foundations for building a new Guatemala.

[De Leon] The conversation is going too long, Commander. Before bidding farewell... what five-star hotel are you staying in?

[Monsanto] Ha, ha, ha! Look, when those sort of statements have been made, especially by the military leaders, I have been in guerrilla camps. When the comrades in arms build their adobe homes or guano ranches, we give them names of five-star hotels...

[De Leon] Ironically.

[Monsanto] Yes, of course! We stay in hotels while negotiations take place—sometimes, not always—or when someone invites us and pays for our accommodations. But let it be known that we do not demand to stay in five-star hotels. We have stayed. For us it is the same staying in a five-star hotel or in a ranch in the mountains with our comrades. We feel the same. Ask the military officers in Guatemala what hotels they are staying in when they travel...

[De Leon] When a definitive peace agreement is signed, what will be the future of the people on the mountain?

[Monsanto] This is one of the points of discussion. We do not believe our fighters, after having fought with so much sacrifice and for so many years, will return to the situation they were in when the fighting began.

Mexico City, February 1995

Honduras

Guatemalan Rebel Leaders Meet With Reina

PA2202194295 San Pedro Sula TIEMPO in Spanish 22 Feb 95 p 2

[Report by Daniel Serrano]

[FBIS Translated Excerpt] Tegucigalpa—The Honduran Government yesterday opened its doors and offered to host Guatemalan peace negotiations, but the final decision will have to be made by the Army and the government of the neighboring country, as well as by the Guatemalan National Revolutionary Unity (URNG). This was said by Carlos Sosa Coello, deputy for the Innovation and Unity Party (PINU), at a news conference. Sosa Coello accompanied three URNG leaders to a meeting with President Carlos Roberto Reina as part of the URNG leaders' tour through Central America. "Honduras deplores the war in Guatemala and is willing to provide any assistance that is requested, be it on its territory, as a future mediator, or in any way that could contribute to resolving—in a negotiated and political manner—the tragedy being lived by the Guatemalans," the deputy stated.

Rolando Moran, commander in chief of the Poor Peoples Guerrilla Army and member of the URNG General Staff; Carlos Gonzalez, secretary general of the Guatemalan Labor Party and member of the URNG General Staff; and Luis Becker, member of the political and diplomatic team of this organization, also attended the meeting. [passage omitted]

At the end of the meeting with President Reina, Commander Rolando Moran noted that he has the support of the Honduran Government in his efforts to break the "intransigence" of the government of Ramiro De Leon Carpio and the Army. Moran remarked that in discussing topics like the cease-fire, the incorporation of the URNG into the political arena, and the signing of a peace agreement, other governments must volunteer their good offices and contribute to developing each of these points. To this end, he said President Reina has expressed his best intentions to contribute effectively to this process. Moran warned that the negotiation process could be jeopardized if "recalcitrant and repressive right-wing radicals like the de facto government presided over by General Efrain Rios Montt in 1981 and 1982 win this year's elections in Guatemala. [no closing quotation mark as published]

In his remarks, Carlos Gonzalez said that every nation must resolve its own problems, and that "if we achieve peace in Guatemala, peace in Central America will follow." Gonzalez said that a deadline cannot be set to sign a peace agreement because the Guatemalan situation is complex and needs to be studied thoroughly.

Luis Becker mentioned that, in recent years, ever since Guatemala's democratization in 1986, conditions for ending the armed conflict have been more favorable. "The guerrillas proposed that problems be resolved and dealt with in Guatemala. But the Army and the government have systematically rejected this proposal and have not agreed that negotiations be held in our country," Becker concluded.

Nicaragua

Congress To Publish Reforms Despite President's Opposition

PA2402011095 Hamburg DPA in Spanish 0013 GMT 24 Feb 95

[FBIS Translated Text] Managua, 23 Feb (DPA)—The attempts to reach an agreement to end the crisis between

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the Nicaraguan Government and congress failed today, following a long meeting between the parties, who failed to reach a consensus.

National Assembly President Luis Humberto Guzman announced that, despite the executive branch's opposition, congress will publish the constitutional reforms law tomorrow because the deputies found the executive branch had "an absolutely inflexible attitude."

The constitutional crisis worsened in recent hours, when the fourth day of high-level negotiations ended, and media circles are speculating that Vice President Virgilio Godoy might be summoned by congress to occupy the presidency of the republic, in the place of President Violeta Chamorro.

Assembly, Parties Issue Communique

PA2402045495 Managua Radio Nicaragua Network in Spanish 0110 GMT 24 Feb 95

[Report by Eda Martinez]

[FBIS Translated Text] This is a report from the Presidency. A few minutes ago, the National Assembly Board of Directors and the presidents of different political parties represented in the National Assembly issued a communique and signed the constitutional amendments so they can be sent to be published tomorrow. This way, [words indistinct] their promulgation, although this is an action that falls within the powers of the president.

The communique states: So long as the law on the autonomy system, contained in Article 181 of this Constitution, is not ready, Law 28 (?and) the autonomy statutes in Nicaragua's Atlantic Coast and those that do not run counter to the Constitution will remain in force.

The partial amendment of the Constitution states that Article 21 will enter into force the moment it is published by any written news media, without excluding its subsequent publication in the official newspaper, LA GACETA, which must indicate the date in which it was published by a news media. This is the announcement National Assembly President Luis Humberto Guzman made this afternoon, as part of the things that, according to him, Article 21 of the new constitutional amendments guarantee. He is already sending it to be promulgated, since the president has failed to carry out her obligation as outlined in Article (?194) of the Constitution [word indistinct] the current law [words indistinct] the partial amendment of the Constitution of the Republic of Nicaragua, in accordance with the contents of Articles 148 and 192 of Law 186 of 16 November 1994. In my capacity as president of the National Assembly, I am ordering the publication of the current [word indistinct] so that it can enter into force. Managua, 23 February 1995.

It seems that the document signed a few minutes ago, according to the National Assembly president, promulgate the constitutional amendments. According to remarks made this afternoon, [words indistinct] was prepared since they came out a few minutes ago. They merely signed it and handed it to reporters.

The presidents of different political parties were also present. They issued a communique that reads as follows: In view of the institutional crisis stemming by the executive's refusal to promulgate the partial amendments of the Constitution, the presidents of Nicaragua's political parties state:

1. The constitutional amendments approved by the National Assembly represent a major step forward in developing Nicaragua's democratic institutions. The amendments are a just response to the effort by all Nicaraguans to have a true balance among state branches and build a rule of law that eliminates the dangers of new dictatorships and totalitarian stances.

2. The approved constitutional amendments are legitimate and constitute a demand of the people and a commitment of the government of President Violeta Barrios de Chamorro, who was (?forced to start) them since her electoral campaign. This is what the communique that was already prepared by all the political parties states [passage indistinct] political parties and blocs that have signed this statement support the constitutional amendments that the National Assembly president sent to be published. Because of the importance of the amendments [words indistinct] all segments of society and the people in general to accompany us in this civic struggle.

As the [words indistinct] of this communique reads: With all respect, we call on the president to agree with the National Assembly, in a patriotic spirit, on the implementation of the constitutional amendments. I want to tell Radio Nicaragua's listeners that with this communique and the signing of the document by Luis Humberto Guzman a few minutes ago, the Constitution has been promulgated [as heard]. It is worth noting that the rights and guarantees of citizens are left in a crisis in this country, since the president has not promulgated the amendments, using the authority vested upon her by the current Constitution. On the other side, however, another state branch, the legislature, will tomorrow [words indistinct] of the constitutional amendment.

Chamorro Addresses Nation on Constitutional Reforms

PA2402050295 Managua Radio Nicaragua Network in Spanish 0333 GMT 24 Feb 95

[Address to the nation by President Violeta Barrios de Chamorro at the Presidency in Managua—live]

[FBIS Translated Text] [words indistinct] that have been held between both government branches on the issue of the reforms and their implementation.

The National Assembly accepted my proposal to initiate our talks on Monday, 20 February. I have personally headed, in good faith, the talks with the honorable

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deputies, which have lasted many hours over the past four days. I trusted this would lead us to an agreement that would allow us to overcome our differences and, thus, benefit the Nicaraguan people. My government made many proposals on ways to reach this agreement, but they failed because the National Assembly refused to recognize the legal rulings that ban it from promulgating and publishing reforms and the need to reach an understanding in our talks.

I want to clarify my government's position to all the Nicaraguans who have shown so much concern for the reform bill. I have always been in favor of peace, stability, and understanding among all the Nicaraguans and in favor of this being achieved through dialogue, consensus, and reconciliation. I will continue with this same style of governing until the end of my presidential term on 10 January 1997.

I have always manifested my willingness to change the Constitution. Regarding the reform bill, I want to clearly emphasize all government branches, political parties, labor unions, and other civilian sectors were not consulted. Furthermore, they were made with a great deal of haste, despite the appeals made by businessmen, workers, mayors, and patriotic Nicaraguans.

The promulgation of the constitutional reforms is the exclusive right of the president of the republic, according to Article 194 of the Constitution. The National Assembly president cannot, in any way, replace the president of the republic in the promulgation of the reforms. A simple publication in any media will not give them any legal value.

Regarding the harmony, which the government branches have to further, I am very concerned because Dr. Guzman decided to go over the legal suspension orders issued by courts of justice, which ordered both Dr. Guzman and myself not to promulgate or send the mentioned constitutional reforms to be published.

Article 167 of the current Constitution establishes that decisions and resolutions issued by courts and judges must be strictly complied with by state authorities, organizations, as well as by the affected individuals and legal entities.

My dear Nicaraguan people: As president of the republic, I will continue respecting and will ensure respect for the current laws in the country.

I want to say once again that the publicaton of reforms tomorrow will not make them legal. You can be at ease. I trust in God that the high interests of our homeland will help us overcome the current differences. I reiterate my willingness to seek with the National Assembly and through broad consultations the path that will permit us to have an adequate Constitution for this new fatherland Nicaraguans are building democracy, with love and freedom. May God enlighten us all. Thank you very much.

FSLN Member Announces Alliance With Social Movement

PA2302154395 Managua BARRICADA in Spanish 20 Feb 95 pp 1, 4

[Report by Carlos Garcia Castillo—passages in italics as published]

[FBIS Translated Text] Tomas Borge Martinez, a member of the National Directorate of the Sandinist National Liberation Front [FSLN], announced yesterday during a gathering of Sandinists that the FSLN has decided "to take action as an opposition party and end the truce it gave both the government and its political opponents."

In reference to this matter, Borge announced the red and black party will create an enormous alliance with the social movement. "It will be an enormous alliance with producers, regardless of their size, and workers to pull the country out of its economic collapse, a broad alliance with producers of the UNAG [National Union of Farmers and Cattlemen], the COSEP [Higher Council of Private Enterprise], or the former armed resistance," Borge said.

Borge said the FSLN has been preparing to participate in the 1996 elections with a firm conviction of the party's victory.

The Sandinist leader said: "Within the framework of the FSLN's electoral plans, the important thing is the search for a program of national unity. We advocate a national agreement that provides a positive solution to the current national crisis.

The leader said that a legend was created around the FSLN, "that we are enemies of the *Constitutional Reforms*. The truth is, however, the Sandinist Assembly *ordered* the deputies to support the thesis of a municipal autonomy, the balance of power, rather than the irrational imposition of one power over another.

"We also *ordered* the deputies to legitimize the constitutional elimination of confiscations, to eradicate military service, to create constitutional guarantees for ownership, to guarantee the autonomy of the Atlantic coast and a gratuitous education, to defend the university's 6 percent, and other issues. [no closing quotation mark as published]

Nevertheless, these mandates were ignored by most of the deputies elected by our party, Borge said.

Referring to the prevailing differences between the state branches, Commander Borge said it is urgent and mandatory, now more than ever, to reach a national agreement and to avoid "a confrontation near the edge of an abyss. The only reasonable and permissible solution is a national agreement," the leader stressed.

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Chamorro Speaks on Transfer of Army Command

PA2202140495 Managua Radio Nicaragua Network in Spanish 1610 GMT 21 Feb 95

[Speech by President Violeta Chamorro, at the change of command ceremony for the commander of the Sandinist People's Army, delivered at the Army's Light Infantry Brigade School in Managua—live]

[FBIS Translated Text] Members of state branches; Monsignor Eddy Montenegro, delegate of His Eminence Cardinal Miguel Obando y Bravo; messrs. cabinet members; members of the diplomatic corps and international organizations; General Humberto Ortega Saavedra; Army General Joaquin Cuadra Lacayo; members of the General Staff and Army officers; special guests; ladies and gentlemen; friends; national and foreign press:

For the first time in our country, the president of the Republic has overseen a legal, ordered, and peaceful transfer of military power. This transfer is the result of my policies of reconciliation and permanent talks and my search for agreement among all sectors of Nicaraguan society. When I was elected president of the Republic in 1990, Nicaragua was at war. I took over a country that had an army of 84,000 men, 22,000 members of the resistance who were up in arms, and thousands of rifles and arms caches buried throughout the country. I had to be prudent, patient, and tolerant from that moment on.

I trusted God and the noble and patriotic heart that all us Nicaraguans have when the fatherland needs us. I made the decision to personally take command of the supreme leadership of the nation's Armed Forces and the Defense Ministry, in order to have under my command the processes of demobilization and disarmament, because I wanted to put an end to the war.

I ordered Army General Humberto Ortega Saavedra to continue in his post in the Army, giving him the mandate of establishing an orderly program for the reduction of the armed forces, the (?subordination) of the military to civilian authorities, and respect for the constitutional system. It was a difficult decision because I knew it was going to be misunderstood. I was booed and hissed at and accused of sharing the government. Some people turned their backs on me, refusing to join my cabinet. I had to think of my fatherland, however.

I was convinced that my work for democracy and liberty and my responsibility of attaining a national army would not let me be intimidated by any pressure. The transformation of the Armed Forces has been part of a process that has had its ups and downs, which must be viewed as an expression of the full participation of the Armed Forces in the profound process of transition that my government has promoted, by going from war to peace, from a regime with a totalitarian cut to a democratic, free, and pluralistic system [three-second break in reception] to an economic system of free enterprise.

In this three-part transition, the Army was not on the sidelines. The Army's downsizing, its restructuring, and its full subordination to civilian authority are the product of Nicaraguan solutions conducted among us with a soft hand and without bowing to pressure groups at home and abroad.

After five years in government, today history has proven me right. We now have a new National Army of 12,000 officers, soldiers, and professionals who are committed to Nicaragua, the Constitution, and the president of the Republic. For the first time in Nicaragua's modern history, we have an Army chief appointed by the president of the Republic through a law that ensures fulfillment of their military mission, professionalism, and nonpartisan nature.

Civilians and military men have worked together for our reconciliation, for our Nicaragua. We thus honor all Nicaraguans who, ever since Sandino, have offered their lives for noble and patriotic ideals. Others who must be honored are those who have understood that reconciliation is sweeter than victory.

I wish to publicly recognize the High Command of the Nicaraguan Army, and especially General Humberto Ortega Saavedra for his decisive... [applause] for his decisive and patriotic contribution to this historic process of building an institutional and professional Army in the service of the fatherland.

Gen. Humberto Ortega Saavedra: Your retirement from the Army in orderly and legal fashion is an exemplary act of subjection, not only to the law and civilian authorities, but to democracy. It is a democratic example seldom seen in our Latin America. [applause] I am proud we were able to do this during my government. Nicaragua thanks you. For the first time in Nicaragua we are witnessing a ceremony of this nature.

We are here on 21 February, the 61st anniversary of the assasination of Gen. Augusto Cesar Sandino. As my husband Pedro Joaquin Chamorro Cardenal used to say, Sandino raised the flag of a beautiful and heroic nationalism. Regardless of how his name has been used, Sandino is a national hero to whom my government has paid historic tribute for having defended sovereignty of Nicaragua and Nicaraguans in the world.

On this morning of 21 February, my government is honored to transfer the command of the National Army from Gen. Humberto Ortega to Gen. Joaquin Cuadra. Gen. Joaquin Cuadra today assumes an immense responsibility in this new chapter of the Army's and our history. The Nicaraguan people expect from its military men respect, security, support for production, an active presence in the event of natural disasters, support for health tasks, cooperation in preserving the environment, and protection of our entire territory, its seas, and our lakes.

The people also expect from its Army absolute respect for the political Constitution and of the head of state,

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who is also head of government and supreme chief of the nation's defense and security forces, as a result of the 25 February 1990 elections.

In the democracy that we started to build in 1990, the military men will find greater opportunities for personal development and more stability for their families. They will be true professionals serving the fatherland. The Nicaraguan Army is now a national institution; it is professional, nonpartisan, apolitical, obedient, and a nondeliberative body.

Gen. Joaquin Cuadra: You will have all my support in the new responsibility you are assuming today as commander in chief of all Nicaraguans. In peacetime, the sovereignty of a people is ensured by promoting economic and social development of each one of its families and full respect of human rights and by guaranteeing safety, justice, and stability for the citizens.

Gen. Cuadra, that is the mission the Army must fulfill under my responsibility. Once again, the eyes of the world are on us, because we are setting a civic example. Nicaragua is taking historic steps today. I hope we will always choose the right path. May God bless the National Army and all Nicaraguans. Thank you very much. [applause]

Humberto Ortega Turns Over Command

PA2202153995 Managua Radio Nicaragua Network in Spanish 1626 GMT 21 Feb 95

[Speech by General Humberto Ortega, outgoing chief of Nicaragua's Sandinist People's Army, delivered at the Army's Light Infantry Brigade School in Managua—live]

[FBIS Translated Text] Dona Violeta Barrios de Chamorro, president of the Republic of Nicaragua; esteemed presidents of the branches of government of Nicaragua; former president of the Republic; former members of the Junta of the Government of National Reconstruction; everyone:

Today, 21 February, in the year of the centennial of the birth of General Augusto Cesar Sandino and the 61st anniversary of his tragic assassination on 21 February 1934, this day is very significant for the life of the Nicaraguan nation at a time when our fatherland struggles stoically to overcome the backwardness and poverty caused by the underdevelopment of a country that ever since the last century, since breaking free of the Spanish colonialist yoke, began to move forward with sacrifice and patriotic spirit. This nation has known the effort of Cleto Ordonez, the patriotic effort of Jose Dolores Estrada and Andres Castro. This nation has known the enormous efforts of the men who in the past century firmly laid the foundations of the republic that we want for all Nicaraguans. This nation has known the revolutionary upheavals at the end of the last century, led by Zelaya in the search of a better nation. This nation has known the heroism of patriotic and nationalist generals such as Benjamin Zeledon, who defended efforts for a better Nicaragua, national pride, and sovereignty. This nation has known the heroic struggle of that man who 61 years ago shed his blood for all Nicaraguans. This nation has known more than 100,000 victims at the beginning of the century, the product of incomprehension, passion, and blindness among Nicaraguans. Nevertheless, this nation which forged men like Ruben Dario, Sandino, and great men for the entire Nicaraguan nation deserves to be respected and loved. It deserves that we be responsible for it.

Today I feel that I have done my duty as a patriot, a Nicaraguan, a real Nicaraguan patriot who loves and helps Nicaragua. During the most difficult times, I, along with other revolutionary brothers—where my roots lie—helped the effort by all the people to shake off that terrible and tragic domination that, ever since the death of Sandino in 1934, took hold in Nicaragua and brought our fatherland to a state of underdevelopment. At the time, the country was ruled by Somoza. Most of the people in the countryside suffered from parasitosis, night blindness, endemic goiter, and extreme poverty. In this terrible past of nearly 50 years of Somozist rule, a large number of landowners and oligarchs sank Nicaragua into the most terrible poverty and distress. We fought as Sandino fought. We fought like those who rebelled from the very core of the National Guard in the 1950's against the Somozist dominance and repression [words indistinct] while Sandinist patriots like Ramon Raudales shed their blood freely. It is true that men like him were born in different circumstances, but they all shared anti-Somoza feelings and shed their blood for the Nicaraguan people's titanic effort for a better Nicaragua. We fought with and learned from men like Carlos Fonseca and patriots like Pedro Joaquin Chamorro. We fought with men like those who are with us here today—a historic day for the Nicaraguan nation—although they are from a different generation. Men like Dr. Rafael Cordova Rivas, anti-Somozist liberals like Dr. Virgilio Godoy, revolutionary patriots like Daniel Ortega and Compañero Tomas Borge, who is also here with us at this event. Patriots like Dr. Sergio Ramirez. Patriots like Violeta Barrios, who accompanied her husband in this unrelenting struggle against Somozism.

Nicaraguans like these made it possible for us to forever shake off the Somozist tyranny. Nicaraguans like these made it possible to forever leave behind a repressive army, a murderous army, an army in the service of minorities who abused peasants in their lust to monopolize all the land for their own benefit. These Sandinist, Social Christian, liberal, conservative, and independent fighters and patriots made possible an end to the hated and feared National Guard, the distress of our young people when they were harassed by the Somozist Guard, systematically trampled, and then thrown into volcanoes simply because they were patriots and worthy citizens.

These Nicaraguans, these fighters, these leaders who, thanks to the outstanding effort by the revolutionary subversion led by the Sandinists in 1979, ended that

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opprobrious past. Today we are witnessing the culmination of a historic effort, the culmination of an effort which dates from the previous century, to count on a patriotic Army, a national Army, a constitutional Army, and an Army stemming from the noblest and fairest struggles in which the Nicaraguan nation engaged in seeking freedom, independence, sovereignty, fatherland love, and democracy. We are witnessing a decent, worthy, and orderly transfer, as all changes of command must be, not only in military institutions but also in the other Nicaraguan state institutions. The Nicaraguan state needs to be strengthened and modernized.

Actually, we the revolutionaries are men like me who have revolutionary origins, men like me who because we were revolutionaries are now bidding farewell to a nonpartisan Army, men like me who due to our deep revolutionary conviction are now bidding farewell to a constitutional Army.

What we are doing here is the continuation of another historical event that occurred in February 1990 when these revolutionaries—all of you patriotic and revolutionary people—knew how to assimilate an electoral defeat. At that time, another historic event, led by Commander Daniel Ortega, occurred when he placed the presidential sash, which Daniel Ortega was legitimately wearing around his torso because the 1984 elections were also free, on that person who, legitimately and under other circumstances, took power, Mrs. Violeta Barrios de Chamorro.

We cannot jeopardize these historic feats at these times when the distressed Nicaraguan nation needs bread, jobs, employment. It wants better economic conditions; it wants more domestic and foreign investment. It wants the economy and production to move forward; it wants producers to reap benefits to be able to overcome the dramatic and poor situation that we have unfortunately accumulated throughout this century. It is a poverty largely prompted by intolerance; it is a poverty prompted by the misunderstandings of Nicaraguans and those of our historical northern neighbor, the United States, which in the past failed to help the Nicaraguans' efforts to achieve unity and tolerance. It is a poverty that we already experienced and that worsened in the days of Somoza. It is a poverty that a terrible earthquake worsened in 1962 [year as heard]. It is a poverty that the systematic destruction the Somozist attacks triggered in the country's cities to hold back the Nicaraguans' efforts to overthrow dictator Somoza made even worse.

It is a poverty that was made even worse by the tragic and aggressive war that former U.S. President Ronald Reagan, due to those misunderstandings and lack of vision, waged on Nicaragua. This was a war that triggered the terrible foreign debt that Nicaragua now has. It was a war that caused the death of tens of thousands of youths, children, and elderly people from our fatherland. It was a war that mined ports; it was a war that drafted manuals to destroy the country's economy. It was a war that plunged our fatherland into abject poverty.

Today, it is up to us to overcome the difficulties of the past. Today we must be thankful that despite everything we are in a better position to move ahead. Today a conservative president like Ronald Reagan is not presiding over the United States. Today a Democratic President presides in that country, who knows how to respect Nicaragua and has maintained a fundamentally constructive policy toward Nicaragua. In the United States there is an administration that is more understanding, more democratic, more open to a respectful relationship between nations. Today in the United States there are no longer those who were accustomed to exerting pressure and interfering as a systematic method for relationships between nations.

We should take advantage of this historic event in which not only a national army is being legitimized before the nation—harmoniously subordinated to civilian power, through the president within the framework of the constitution—but also to assign a profound value to the irreversible peace process, a process which all Nicaraguans—even those who in the past faced one another with weapons—definitely helped build when we met with the Nicaraguan Resistance Directorate in Sapoa. Together we were building peace in Nicaragua. We cannot lose that peace. The progress in the democratic process made possible by the overthrow of the Somoza dictatorship in 1979, that change toward democracy brought about by those patriots cannot be lost.

Today I remember some of the members of the governing junta formed in 1979. Dona Violeta was in that junta, of whom Daniel Ortega was president. Dr. Ramirez, Dr. Cordova Rivas, and other Nicaraguans were part of that junta. We tried to unite in an effort to face the issues. Today I remember that moment because that moment must be relived in the current situation for the good of the country to which we all owe our efforts.

If it was not possible in 1979, it was because we were not mature enough. In reality none of the sectors was prepared to live together, and the government junta only managed to get rid of Somoza. If the unity of the Nicaraguans, of the MDN [Nicaraguan Democratic Movement], the FSLN [Sandinist National Liberation Front], conservatives, liberals, Social Christians, Nicaraguan businessmen and workers only existed to oust Somoza, that unity did not last to build a national project at that time, and we got involved in a senseless war, a terrible war that brought much bloodshed and backwardness. Today the same Nicaraguans must join forces to help Nicaragua move forward.

I leave the Army with the satisfaction of having completed another phase in my revolutionary efforts to help build a better future for Nicaragua. I leave with peace of mind because although this Army, as any institution, may have its faults and errors, it is a patriotic and humane army that strictly abides by the law and respects human rights. Our Army is deeply committed to support efforts to build a modern state and to subordinate itself

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to civilian power, decently and without humiliation. I am leaving confidently, because this Army will never breed corrupt soldiers, or soldiers who would organize criminal bands as in other countries to serve political and economic classes to act against their adversaries, against the patriots, and against progressive forces. I am leaving confidently, because this Army will not breed soldiers involved in drug trafficking; because this Army will not breed officers who would support those who still believe in having large estates at the expense of depriving poor peasants from owning a plot of land. I am confident, because this Army will not breed officers or soldiers who will point their rifles against democracy, against efforts for peace, against those who are thirsty for justice, the poor who want bread and employment. I am leaving confidently, because this Army will never be—as it has never been—an Army in the service of an individual and his women, as was the National Guard, an institution where officers and their families were all in one corrupt alliance. I am leaving confidently, because this Army, as has been clearly shown here despite the difficult path we had to follow during this transition period since 1990... [pauses] I have been here practically five years, which is what the Military Code specifies. That will be the length of the term during which my successor, my brother, the fighter, General Joaquin Cuadra will patriotically and constitutionally occupy this position. [applause]

I am leaving confidently, because although some people may have thoughtlessly and recklessly believed it was possible to destroy this Army, today they realize that such ideas do not contribute to maintaining peace and stability necessary for big, medium-sized, small enterprises, and above all for the poor people who are suffering the most because of the economic and social crisis our fatherland is still confronting.

I am leaving confidently, because while many criticized President Chamorro for her understanding of the historical moment, for realizing that things could not be the way some people wanted, good sense prevailed amid real contradictions and during truly bad times characterized by lack of understanding. Good sense prevailed through dialogue and constant communications to find solutions to our problems through fair negotiations. Today we submit this example to Nicaragua and the world.

I am leaving confidently, because it is clear that things could not be the way some people wanted. We have gone down the difficult path of reconciliation and peace. After the war, thousands and thousands of men rearmed, but now are no longer up in arms. Today we all recognize that in order to have order, security, and stability, we need an institution respectful of the laws and the Constitution, serving the nation and the people.

I am leaving confidently, because the situation is now clear, even to those who are still saying that when they assume the presidency in 1996—if they win—that they will do what President Chamorro supposedly has not been able to do during this difficult phase of efforts toward reconciliation, which has been marked by strong disagreements and confrontations among Nicaraguans. Nicaragua does not really want more confrontations; Nicaragua does not really want more misunderstandings. Nicaragua wants unity, solutions, results. Today we are here offering solutions; we are showing positive results to aid the larger effort to stabilize the Nicaraguan nation. [applause]

To conclude this historic event, I want to especially thank each of you, my brothers, who played an important role in this historic moment we are living in Nicaragua. I want to thank soldiers, NCO's, officers, chiefs, and those who knew how to overcome misunderstandings in those difficult times of unfair attacks. I offer my profound thanks for your support for me in my role as Army chief. I want to also thank those who always trusted me despite events that sparked a great deal of incomprehension, such as when I was criticized as I justly pinned a medal on a U.S. officer, Colonel (?Quinn). Today we understand better that the United States has both men like Lincoln and men like Al Capone. In due time and in an effort to bring the Nicaraguan nation and the United States, which will always be there as a geographical and political reality, closer together, I took very courageous actions like that one. I am publicly thanking those who never doubted my deeply patriotic and revolutionary objectives in actions like that.

I want to particularly thank my family, my children, my wife, my mother, who always knew how to live with a man constantly surrounded by peril and threats of murder and kidnapping. I want to thank my family which, precisely because of the lack of democratic culture, was the target of mudslinging by those who oppose us, even as they had no direct bearing on my daily actions, my responsibilities as Army chief, my responsibilities as a man, and my attitude as a revolutionary and patriotic man. I want to thank my family, which never pressured me or my Army activities and never took advantage of my Army responsibilities to reap personal benefits. I want to sincerely thank them for their sacrifice, on behalf of their country, of standing at the side of a difficult man, as all we revolutionaries are—some respect us; others hate us. But in essence we are revolutionaries.

To conclude, I also want to acknowledge the men who resolutely and selflessly worked day and night for many months, regardless of opposition and contradictions, on special commissions; comrades who worked many, many hours without being paid overtime to create the Military Code; comrade deputies; comrade dignitaries of the National Assembly; outstanding members of the government cabinet; and officers of the General Staff and command, who, in an example of the exercise of democracy and despite the opposition, managed to reach a consensus on the Military Code to give more legal and institutional authority to the event we witness today, meaning a National Army.

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I want to acknowledge the efforts of those comrades. I want to acknowledge the efforts of those citizens. They came to the National Assembly with a political determination to create laws and codes. I also want to acknowledge how democracy was exercised in the National Assembly, where votes for, votes against, and abstentions made it possible to democratically and legitimately approve this Military Code.

We are now living in dramatic times. Nicaragua expects its leaders to take action to achieve stability at a time when some people say... [pauses] for example, those who recently sent a letter to President Chamorro—Ramiro Gurdian, Mr. Bolanos, and Mr. Cuadra—predicting chaos and anarchy if this or that is not done. I want to tell these gentlemen and others who are worried—because chaos may really break out here if existing problems between the state branches are not overcome—that this Army and the people's conscience will support the institution's efforts. Under no circumstances will we allow chaos and anarchy to reign, because chaos and anarchy will not solve the basic problems that political leaders are duty bound to solve.

I hereby make this appeal, based on the experience gathered through the Military Code and what Prime Minister Felipe Gonzalez said during his recent visit to Nicaragua, during which I had the opportunity to meet with him and discuss these topics. He insisted that their historical transition from the Franco regime, similar to the Somozist regime here, to democracy... [pauses] Although it is true that constitutions, codes, and laws are essential, the basic thing is a heartfelt, sincere, impartial, and patriotic determination to reach political agreement and thus make concerted efforts to create laws, codes, and constitutions that are truly needed.

Therefore I retire not with a pessimistic message, despite the problems, but with the certainty that, although it is true that our current political leadership looks weak, Nicaragua has leaders. Nicaragua has experienced leaders from the different political parties, the different economic groups and labor unions. There are leaders, but we have been unable to put together the leadership Nicaragua deserves.

I will become a civilian as soon as this speech is over. I tell Nicaraguan citizens, I tell the patriots, I tell the different leaders in the country that, if I can contribute in any way with my experience, if I can contribute in any way with my efforts in the search for a better Nicaragua, I shall be there, at your service. Thank you. [applause]

Panama

President Asks ARI Directors To Stay in Posts

PA1902235595 Panama City LA PRENSA in Spanish 18 Feb 95 p A-1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] President Ernesto Perez Balladares has asked the directors of the Interoceanic Region Authority (ARI) to refrain from their intentions to resign from their posts.

The ARI directors have promised to resign if the ARI Law were revised and have rejected the president's request.

Since the debates on the revisions of the ARI laws began, ARI Directors Carlos Valencia and Rafael Arosemena have said they will resign as soon as the revisions of the law are approved.

When the revisions were approved during a second debate on 16 February, President Perez Balladares, in a meeting with the Greek community, asked the directors not to resign and to remain in their posts.

A presidential news bulletin has stated President Perez Balladares has asked Valencia and Arosemena to reconsider their decision and has asked them to remain at their posts to give continuity to the ARI's direction and for the sake of a joint Panamanian effort.

The assembly plenum passed the revisions of the ARI law during its second debate, and the revisions will be approved during its third debate on 20 February. It is expected the president will sanction the revisions on 22 February for subsequent publication in the LA GACETA OFICIAL.

Valencia has told LA PRENSA "I do not know what lies behind the president's request, but I have decided to tender my resignation, because I do not agree with the changes being made."

Valencia has said the revisions are a "big mistake. We are harming the country, and the results will be seen in the future. A revision of the ARI Law was not necessary for the president to be able to interfere in the ARI," Valencia has said.

"We now run the risk that political influences will affect the operation of the ARI, to the detriment of the country," Valencia has said.

According to political sources, the Canal areas, valued at $32 billion, will revert to Panamanian jurisdiction as established in the Torrijos-Carter treaties signed with the United States in 1977.

Valencia has said "we must study the president's words to see what else lies behind them. I believe the ARI Board of Directors will become a decorative body with these revisions, because the administrator and the president will decide everything."

According to the opposition, the revisions are designed to remove current ARI Administrator Jose Chen Barria, a removal which, according to Legislator Alberto Cigarruista, "is unforgivable."

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Furthermore, Rafael Arosemena has said the president's appeal "does not change my decision, because I am going to tender my resignation. The reasons for my resignation will be explained at an opportune time, because I am awaiting approval of the revisions" during its third debate. The president's request "has not altered the way in which the ARI has been operating" in violation of the existing law, by ARI President Carlos Mendoza, with the support of Perez Balladares.

According to Arosemena, the role of the ARI Board of Directors will be limited to the will of the president. Perez Balladares will indubitably choose "his administrator, and that is his goal."

Perez Balladares said during a meeting with the Greek community that the ARI law had been well conceived but that it had been separated from the rest of the government apparatus due to "overzealousness."

"The revisions of the ARI law seeks better coordination between the ARI and the government, but the issue has been politicized, unfortunately. If I have to accept responsibility for not opportunely explaining the changes, I will accept it," Perez Balladares has said.

The president has said that Chen Barria is an honest man but that the ARI administrator has to be a person with the ability to sell an idea, conceptualize its development, and knock on the doors of companies in the highest places to sell its projects.

Perez Balladares has said all future governments will have to have a hand in what goes on or does not go on in the ARI, adding the people elected him to give direction to what goes on in the ARI.

Cited on ARI Law

PA1902235495 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Feb 95 p A-5

[FBIS Translated Text] President Ernesto Perez Balladares has said that the Interoceanic Region Authority [ARI] Law has been structured well, but that it became completely detached from the government system as the result of excessive jealousy and that the proposed changes seek to improve coordination between the institution and the government for this reason.

The president has spoken to members of the Greek community in Panama, including prominent commercial, management, and industrial personalities, who hosted a dinner for the president and his wife.

Perez Balladares has said, without intending to blame anyone in particular, the ARI discussion had been politicized, unfortunately. If he has to take responsibility for not explaining the reforms in time, he will, he said.

He has also said there are four ARI reforms the Legislative Assembly passed during the second debate dealing with the following:

- Increasing the number of members of the ARI Board of Directors by two to allow the participation of other sectors, such as the University of Panama, which, unfortunately, had been left out.
- Making it possible for the ARI Board of Directors to delegate functions of the administrator general so this official can work more freely. This authority to delegate functions does not exist at present due to a concentration of power at the Board of Directors.
- Selecting the ARI administrator. The Board of Directors will submit a three-name list so the president of the Republic can choose the official.

Perez Balladares, who has said he respects the current ARI administrator for his honesty, added that whoever is appointed administrator must be able to sell an idea, to conceive development plans, and to be able to knock on the doors of prominent enterprises to sell his projects and ideas.

He has also said all future governments must be related to whatever happens at the ARI. For this reason, he has said, he feels responsible for what happens at the institution. He will have to report to the people, who elected him, to direct what will happen at the ARI. Consequently, he has said, the president of the Republic must have a certain degree of participation, not of intervention or politicking, in the institution. He is not supposed to turn this participation, however, into a chance to distribute political opportunities.

- The fourth ARI reform concerns the president's responsibility to endorse or reject the Board of Directors' decisions to buy or sell for amounts larger than $2 million.

He has said all these reforms have been taken out of context, politicized, and turned into an unnecessary dispute.

He added that although all members of the ARI Board of Directors have their political preferences, they are capable people and invited them to reconsider and stay in their positions for purposes of continuity, thus jointly guiding the institution.

Also, Perez Balladares has said the fiscal law on standardization of incentives seeks to improve and make national industry more competitive. No government in the world can enforce a law to bankrupt enterprises, because enterprises generate investments and create the jobs the country requires.

He has said that the updating of the Labor Code is not intend to strip workers of their benefits but that the updating is for the good of the unemployed and those who will enter the labor market in the future. We desire harmonious relations between labor and management and want these two sectors to share in the benefits of wealth. We want productivity and efficiency in the system so we can be competitive in a world where globalization prevails, he has said.

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He also underlined Panama's successful negotiations for acceptance into the World Trade Organization. These negotiations fully considered the country's position on the necessary protection of the local industry. "This guarantees adequate protection for us and a sufficient length of time so, together with the things we are doing at home, we can make our industry efficient and improve local productivity," he concluded.

Assembly Amends ARI Law; President, Others React

PA2202164795 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Feb 95

[From "RPC Television News" newscast]

[FBIS Translated Text] The amendments to the law that created the Interoceanic Region Authority [ARI] have been approved. The ruling PRD [Democratic Revolutionary Party] was able to win approval of the amendments to the law that created ARI. With 38 votes in favor, the institution responsible for reverted properties in the Canal area changes substantially, and the president assumes greater control over it. Here is a report by Abdiel Gutierrez:

[Begin recording] [Gutierrez] The opposition feels that these amendments were made to benefit the PRD and its own interests. What is your opinion?

[PRD Legislator Gerardo Gonzalez] Your question is tricky and ill-intentioned. Here's my answer: During the debate on the ARI law in January 1993, we expressed the party's position. It was a position prepared by excellent Panamanians who are experts in this matter. What we are doing here is adjusting our proposals to the law; thus, ARI is being incorporated into the Panamanian state.

[Gutierrez] The nine Papa Egoro legislators abstained from voting. They demanded more discussion.

[Papa Egoro Legislator Mariela Jimenez] We do not like to be pushed back and forth. We want a consensus on this matter.

[Gutierrez] Thirty-seven opposition legislators voted against the amendments. At first, they had planned not to attend the debates, but now they feel that their participation was fruitful. They predicted an uncertain future for properties in the Canal area, the value of which is estimated at $30 billion.

[Arnulfist Party Legislator Bolivar Pariente] The reverted areas were in PRD hands for more than 10 years, between 1979 and 1989. Back then, they were in the hands of the colonels and their lovers. Now, they are in the hands of top PRD hierarchs and their lovers.

[Gutierrez] Critics and observers feel that after this approval, practical applications to generate foreign exchange and create jobs by using the reverted properties must be promoted with the same urgency with which the bill to reform ARI was submitted and discussed in the Assembly. [end recording]

President Ernesto Perez Balladares went to the Legislative Assembly after the amendments were approved. Here is a report by Luis Polo Roa:

[Polo Roa] In a private reception held in the Assembly's Blue Room, President Perez Balladares, Assembly President Balbina Herrera, and legislators from all parties, including the opposition, toasted the approval of the ARI amendments. It was reported that at this meeting, Perez Balladares expressed his satisfaction with the approval of the bill.

Meanwhile, ARI Board President Carlos Mendoza, who also attended the reception, said that he is expecting the resignation of Jose Chen Barria, the current ARI administrator, as promised.

[Begin recording] [Mendoza] He said he would. As soon as the law is promulgated, I will resign—that's what the administrator said, and I believe in his word.

[Polo Roa] Do you expect him to resign?

[Mendoza] I am certain he will. [end recording]

[Polo Roa] Mendoza also said that he, as ARI board president, and President Perez Balladares already have a list of names of candidates for ARI administrator and hope that he will be appointed in a shorter time than the 45 days established by law.

For his part, Carlos Valencia, also a member of the ARI board, has announced that he will resign because he does not agree with the amendments. Here is a report by Alexandra Ciniglio:

[Ciniglio] Valencia thinks that the country must mourn and be sad because of the approval of the ARI amendments. Valencia has been an ARI board member since ARI's creation. Now he deplores the fact that party interests and the lust for power have pushed the interests of the fatherland aside.

[Begin Valencia recording] I believe that this opens the door to party politics to enter into the reverted areas, with all the attendant consequences. We have already witnessed how this has been done in the past with regard to real estate property and the big business deals that can be made in that area. [end recording]

[Ciniglio] Valencia feels that Panama's image in the world will be marred, because the message that is sent with this approval is one of total incompetence in managing the interoceanic waterway.

[Begin Valencia recording] I will resign, as I promised I would. I will resign because I disagree with the amendments, which I think are a hoax. Thus, I will submit my resignation in the next few weeks. [end recording]

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[Ciniglio] RPC tried to contact ARI Administrator Jose Chen Barria, but to no avail. RPC was told that Chen Barria is in the country's interior taking care of personal business. But it is expected that Chen Barria, just like other ARI board members, will resign in the next few hours.

ARI Administrator Addresses Assembly

PA1702015695 Panama City LA PRENSA in Spanish 13 Feb 95 p 4A

[Speech by Jose Chen Barria, administrator of the Interoceanic Region Authority, at the Legislative Assembly in Panama City; date not given; words in boldface as published]

[FBIS Translated Text]

1. The Administrator, the Professional, the Citizen Speaks

Today, I want to address you as administrator of the Interoceanic Region Authority [ARI], as a Panamanian professinal, and as a citizen.

I am not here this afternoon to defend the ARI Law or to oppose its reforms; the illness is found in the patient. The problem with the ARI Law is not with the law. The problem with ARI is caused by men, not by the law. In my opinion, the proposed reforms are a political decision; possibly a decision that has already been made. My recommendations on the reforms have been published, and I will not add a single period, comma, or word to them. I prefer a political debate on those reforms among politicians, in fact among you, who will be responsible for reforming the law or not.

2. It is Everyone's Responsibility

Only four years, 10 months, and 21 days are left until 31 December 1999. Hence, time is a critical factor. Sixteen years and two months have passed since the Torrijos-Carter treaties were signed in 1977. The problem is not coming here to point out who was responsible for what. The dilemma is determining who will be responsible for the handling of the assets that will be reverted from now on. We must all share that responsibility, government and opposition.

3. Hunger, Poverty and Ignorance Have No Political Color

The problems of poverty, unemployment, poor education, lack of housing, crime, and others that we Panamanians have not only affect the so-called "rank and file of one political party." They affect the rank and file of all political parties, because hunger, poverty, and ignorance have no political color. Reverted properties are the patrimony of all Panamanians, regardless of which political party they belong to or their economic group of social class.

4. We All Know How Reverted Assets Have Been Used

What was done from 1977 to 1989? And what was done from 1990 to 1994? How were the reverted assets used? We all know. They are there, indeed. We just have to tour the reverted areas to find out what we Panamanians have done with those assets. Whether or not there was planning or whether or not we lost 16 years and two months, is past history. What we should care about is the history that Panamanians will have to write in the next four years, 10 months, and 21 days; what you as politicians will have to face in 1999, when the people will ask you: What has been done with the reverted properties? They will ask that question to both the government and the opposition.

5. Both Governments Are Responsible for the Reverted Properties

It has been said that Panamanians are responsible for the reverted assets, which is not true. I want to stress that the U.S. Government is also responsible for the reverted properties. It is true that the reverted assets, their administration and use can affect the image, prestige, confidence, maturity, and impression we Panamanians will have before the world. Above all, as Bobby Eisenmann said Sunday, we have the opportunity "to go from being a Third World country to a First World country; otherwise we will become a Fourth World country." The United States and Panama are partners in the Canal; therefore, they are our partners concerning the reverted assets; they also share the responsibility for the image portrayed by the use given to those revereted areas and are also responsible for the way in which those assets are reverted to Panama.

The United States can withstand criticisms related to the manner in which the assets are reverted. After all, it is a world power. However, we Panamanians will be criticized because of our failure to keep abreast of our responsibilities and for not having taken advantage of the opportunity we had to become a First World nation.

It is because of this that I can understand General McCaffrey's concerns with respect to all of us being at a critical point. It is his responsibility to execute a reversion plan of assets that are currently under his custody, management, and maintenance. The plan includes an agenda that is simply impossible to reschedule just because we Panamanians are unprepared to receive the assets.

6. What Has reverted in the Past 16 Years?

I would like to point out several facts. Sixteen years have gone by since 1977. During this time period, only an average of 15 percent of the total assets that should have been reverted have been returned. With respect to facilities and property, out of a total of 8.155 facilities, 1,118 have already been reverted and 7,037 more will be reverted in the next four years.

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With respect to land, over the past 16 years, 6,647.8 hectares have already been reverted, and there are 30,756 hectares, or 83 percent, that will be returned in the next four years.

7. In Four Years and 10 Months, 85 Percent of All Assets Will Revert

Panamanians, how much effort is required to manage 85 percent of the assets that are scheduled to revert in the next four years? How much intelligence, willingness, determination from Panamanians and foreigners is required to manage these assets? How many financial resources will Panama require to reconvert, recondition, and maintain the properties already reverted, and those still to be reverted? How much investment in infrastructure and in basic services will the country require in the next four years? How much foreign investment should we attract? Nowadays, we are aware that all the developing nations are also seeking to attract foreign investments to encourage their respective economies. This is an issue that really disturbs me. I believe that there is no group in Panama that is economically sound and has the financial expertise to even manage 10 percent of the assets to be reverted. Therefore, foreign investment is critical in order to make the use of the reverted area into something economically workable and feasible. The foreign investment required here is not only critical, it is indispensable for the development and use of the reverted assets.

8. In 16 Years, $58.1 Million Worth of Assets Have Been Reverted

Today I was compiling information or statistics that had probably not been quantified, and I will share them with you. According to reports of the U.S. Army, from 1979 to 1994, infrastructure appraised by the U.S. Army to be worth $58,861,903 has been transferred. I repeat, the infrastructure already reverted to Panama from 1979 to 1994 has been appraised by the United States to be worth approximately $58,861,903. I was also reviewing the value of the infrastructure that will revert in 1995, and I will give you a breakdown of its worth. Fort Davis is appraised at $38,000,034 and will revert in October 1995. What is left to be reverted of Fort Gullick (or Espinar) in September 1995 is appraised at $13.8213 million. The infrastructure of the Cristobal school in Coco Solo is appraised at $5,759,182 and the Margarita school, which will revert soon, is appraised at $1,115,813. Adding up only this year's reversions, Fort Espinar, Fort Davis, and the Cristobal and Margarita schools, that sum tells us that in just 10 months, property valued at $58,130,295 will be reverting to Panama. This means that in the next few months, we will be receiving property worth basically the same amount as that which we have received in 16 years of implementation of the Torrijos-Carter treaties. And the value we are giving to the reversions only represents the original cost of the infrastructure, plus the investments that have been made, minus the depreciation. It does not include the value of the land, because the U.S. Army does not assign value to it, because they do not own it. The only thing it accounts for is what it has invested.

9. Seventeen Thousand Panamanians Work on the Military Bases

Messrs. Legislators, another situation I want to address today is the problem of the Panamanian employees on the military bases. Up to June 1994, statistics show that there are 17,000 Panamanians working, in one way or another, on the military bases. The breakdown is as follows: there are 2,762 permanent and 1,173 temporary Panamanian workers in the Army; 473 permanent workers and 368 temporary workers in the Air Force; 209 permanent and 220 temporary workers in the Navy; in Special Services, such as professors, doctors, and others, there are 495 permanent and 385 temporary Panamanian workers. In sum, there are 3,929 permanent and 2,146 temporary workers. However, in addition to these Panamanians who work directly in the Army, Air Force, and Navy, there are 8,259 other Panamanians who provide their services to the U.S. Defense Department. In addition, there are 2,667 Panamanians who work as domestic workers or gardeners. Of the domestic workers, 45 percent live in the military residences. Therefore, in total there are 17,000 Panamanians for whom employment sources will have to be found in the next few months. The State [as published] Department is the largest single employer in the Republic of Panama. What are we going to do with that labor force? How are we going to retrain that labor force to integrate it into Panamanian economic activities?

We all know that the work structure of employees of the U.S. Army is different from that of the Panamanian labor market, not only in the salary aspect but also in work conditions and discipline. We all know that being an employee of the Army is different from being an employee in a company, a factory, or an industry. We all know that we have to to reintegrate 17,000 Panamanians to economic life not only in the reverted areas but also throughout the country. The 17,000 Panamanians who will be jobless and for whom we must find jobs are not thinking about what political party they belong to but about having a job that will enable them to support their children.

10. Contamination in Military Areas

A matter that normally is not discussed is the problem of contamination in military areas. Paragraph Four of Article 4 of the 1977 treaties, which deals with the implementation of the treaties, states that the United States must "take all measures to ensure insofar as may be practicable that every hazard to human life, health, and safety is removed from any defense site or a military area of coordination or any portion thereof, on the date the United States forces are no longer authorized to use such site. Before the transfer of any installation, the two governments will consult concerning: a) its conditions,

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including the removal of hazards to human life, health, and safety; and b) compensation for its residual value, if any exists."

Messrs. Legislators, there are many contaminated areas and infrastructures in the Canal area. There are many contaminating agents, such as fuel, solvents, left-over ammunition, undetonated explosives, toxic waste, pressured gases, and so forth, and the purifying of these areas is extremely costly. For example, it cost the United States 100 million balboas to clear Fort Ord, California, in order to deliver it uncontaminated. This size of this fort is only approximately 8,000 acres.

We Panamanians have to become aware and begin negotiating with the United States and ask for technological assistance from countries with decontamination technology and experience, and the United States must provide the resources so that the returned areas are not contaminated areas.

11. Concerted Efforts By All Sectors Are Needed

We Panamanians have big challenges to face in ARI. I do not think challenges will be resolved by modifying laws or with the use of political rhetoric. Gentlemen, true concerted efforts by all the Panamanian sectors and not exclusively among political parties, an effort and a will on the part of all Panamanians, regardless of political affiliation, social class, race, or education level, are required. To face this challenge, it is necessary to hold continuous talks and negotiations with the U.S. Government and other countries. Political will, maturity, and civic respsonsibility are necessary to face the challenge of the reverted areas. Jose Chen Barria will not be an obstacle. I will present my resignation as soon as the current board of directors asks me for it. I support Carlos Valencia's proposal and I have informed him about this. Otherwise I will resign the moment you approve the modified law and it is duly sanctioned and published.

12. I Did My Share and Devoted My Life's Work as an Honest Man to the Service of My Country

Messrs. Legislators, I want to leave on record that I humbly wanted to help and I have devoted my commitment, my knowledge, my experience, and my record as an honest man to the service of my country.

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Argentina

Menem Views General Elections, Reelection Prospects

PY2302143095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1947 GMT 21 Feb 95

[FBIS Translated Text] Buenos Aires, 21 Feb (NA)—On 21 February, President Carlos Menem disclosed that, according to a public opinion poll conducted by Hugo Haime, the Justicialist Party [PJ] will win the 14 May general elections. He asserted that his reelection as president will not require a run-off election.

Menem also confirmed his wish to run for the presidency in the year 2003 if he manages to stay in office as executive head of state until 1999. He reiterated he had no intention of getting involved in the scramble between [Buenos Aires Province] Governor Eduardo Duhalde and [Tucuman Province] Governor Ramon Ortega for the presidential nomination for the 1999 election.

The president, moreover, insisted on disqualifying the Front for a Country in Solidarity [Frepaso] presidential hopefuls because "they have no government proposals," adding that it makes "no difference" whether he vies with Carlos "Chacho" Alvarez or Jose Octavio Bordon as presidential candidate on that center-left alliance's ticket in the forthcoming elections.

In remarks made to Radio Libertad, Menem reported that a survey conducted by a private firm of consultants shows that more than 40 percent of those surveyed intend to vote for the ticket he heads with his running mate, Carlos Ruckauf, and that they are way ahead of the two leading opposition parties.

Commenting on the PJ position vis-a-vis the UCR [Radical Civic Union] and the Frepaso in the presidential race, Menem said: "I have just read Hugo Haime's poll, which shows that as of 13 February, we had obtained 43 percent, whereas the other two parties competing for second place received less than 20 percent."

Menem reiterated his wish to stage a comeback in the 2003 general elections if he is reelected in May, after observing the mandatory intermediate term set forth in the Constitution [with regard to running for the presidency for a third time].

He said: "If we win the 14 May election and do things right from 1995 to 1999, the door is open for the year 2003, because politicians always continue to be engaged in politics."

Moreover, he refused to get involved in the scramble for the PJ presidential nomination for the 1999 elections, in which Ortega and Duhalde are the leading contestants.

The president noted: "I would rather not participate in that type of discussions. Both are first-rate politicians."

In conclusion, the head of state criticized the Frepaso and UCR presidential candidate [Rio Negro Province Governor] Horacio Massaccesi because "they lack a coherent proposal."

"If the UCR candidate intends to implement the policy he is pursuing in his province nationwide, 'may God deliver us,'" he pointed out.

Popular Conservative Party Backs Menem-Ruckauf Ticket

PY2302212595 Buenos Aires TELAM in Spanish 1902 GMT 22 Feb 95

[FBIS Translated Text] Buenos Aires, 22 Feb (TELAM)—Julio Amoedo, the Popular Conservative Party (PCP) National Committee chairman, today formally expressed to Interior Minister Carlos Corach the PCP's support for President Carlos Menem's reelection.

In remarks made at Government House, Amoedo said: "I delivered to the interior minister a note and the respective record in which the PCP National Committee expresses support for the Menem-Ruckauf ticket."

Amoedo noted that he trusts that Justicialism will win the May elections. He pointed out: "The current political situation confirms that the opposition front is breaking apart."

After mentioning the "very close agreements" between the PCP and the PJ [Justicialist Party], Amoedo noted that his party is "a historical ally of Justicialism" and emphasized the "friendship linking Vicente Solano Lima with General Juan Domingo Peron."

Eduardo Menem Reelected Senate President

PY2302213195 Buenos Aires TELAM in Spanish 2218 GMT 22 Feb 95

[FBIS Translated Text] Buenos Aires, 22 Feb (TELAM)—The Senate today reelected Eduardo Menem as provisional Senate president for his seventh consecutive term. Oraldo Britos was elected Senate vice president.

During the ceremony, in which Eduardo Bauza, the secretary general of the presidency, and Interior Minister Carlos Corach were present, Ricardo Laferriere, a UCR [Radical Civic Union] member, was installed as Senate first vice president and Jose Romero Feris, an Autonomist Party member, was installed as Senate second vice president.

Cordoba Province Orders 'Severe' Cutbacks

PY2302233395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1125 GMT 23 Feb 95

[FBIS Translated Text] Cordoba, 23 Feb (NA)—Cordoba Governor Eduardo Angeloz has adopted measures to reduce public spending with a view to surmounting his province's financial crisis, which the Mexican "tequila effect" has rendered more acute.

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Angeloz ordered cutbacks in his province's government expenditures through an economic emergency decree released on the evening of 22 February.

The following are some of the measures taken by Cordoba's executive branch: a freeze on openings and the hiring of government officials; an 80 percent reduction in the payment of overtime; the suspension of trips abroad; a reduction of telephone services; and restrictions on the use of official cars by government officials.

Moreover, the decree stipulates that a Commission for Control and Tracking of Reductions in Government Spending will be established to report every fortnight to Governor Angeloz on the progress of the programs to cut back government spending.

Given the impossibility of receiving funds from abroad due to the "tequila effect" and the discontinuation of the federal government's appropriations for those provinces that do not implement a deep rationalization of state functions—as Economy Minister Domingo Cavallo has already announced—Angeloz was obliged to take severe austerity measures.

Budget measures include "a general census of the number of cars by the Coordination Ministry" and the subsequent withdrawal and stripping of the right to use official cars in cases that are not indispensable.

The use of official cars will only be allowed from the position of under secretary up. The rest of the cars will be sold at once.

Each department will only be allotted four round trip plane tickets for domestic flights per month. The purchase of capital goods is suspended; telephone services are to be reduced to a minimum; and an electronic system that registers calls and blocks long distance calls will be installed.

The purchase of newspapers and other publications for officials having a rank lower than that of under secretary is suspended, moreover, subscriptions for cellular telephones, which are to be restricted, must be directly authorized by the governor.

The government will at once order the payment of fees for any procedure undertaken before the provincial public administration that up to now had been free of charge.

Former President Placed Under Disciplinary Arrest

PY2302124895 Buenos Aires CLARIN in Spanish 21 Feb 95 p 10

[FBIS Translated Text] Military sources have reported that Army Chief Lieutenant General Martin Balza has punished former de facto President Juan Carlos Ongania with 15 days of disciplinary arrest for "declarations harmful to Republican institutions."

Ongania told the weekly NOTICIAS that Carlos Menem's administration was "the most corrupt in history" and characterized Menem as "being so inept that he cannot be held accountable," among other things.

The interview was published on 19 February. Army and Defense Ministry officials immediately analyzed it to see if the retired lieutenant general deserved disciplinary action.

Argentina's current legislation (law of military personnel) is clear: Members of a military institution, even though they are not on active duty, cannot make public declarations that openly criticize the president (who is the Armed Forces commander in chief) or openly criticize his government leadership.

Ongania, 80, was the head of the so-called Argentine Revolution, a movement that ousted Arturo Illia's Radical [Radical Civic Union, UCR] administration in 1966. He is currently the MODIN [Movement for Independence and Dignity] Blue and White faction presidential candidate. The faction leadership—which split from the faction headed by Aldo Rico and Luis Polo—said the sanction was another "attack on Republican institutions under the shelter of a regulatory precept."

At Balza's Office

According to information obtained by CLARIN, Balza received Ongania at his office and asked him to confirm or deny the remarks attributed to him and published by the magazine. Ongania recognized that some of his remarks were reproduced literally while others "were not."

Ongania recognized that the interview was in accordance with his basic line of thinking although he objected to some formal aspects.

The meeting with Balza lasted one hour. A number of journalists waited outside the Armed Forces General Staff offices. Photographers and film crews covered his exit on Medero Avenue.

It was reported that the Armed Forces leadership considered that this is the first time Ongania is involved in this kind of violation before ordering his 15 day disciplinary arrest, otherwise the sanction would have been much harsher.

Military authorities said they will not release any official information regarding the sanction imposed on the former president and ruled out the possibility of issuing a communique, which was discussed during the afternoon.

Argentina's Di Tella Deplores Breaking of Cease-Fire

PY2402012895 Buenos Aires TELAM in Spanish 0034 GMT 24 Feb 95

[FBIS Translated Text] Buenos Aires, 23 Feb (TELAM)—Foreign Minister Guido Di Tella said that Argentine observers at the Peruvian-Ecuadoran border have confirmed that the cease-fire commitment has been broken.

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Di Tella announced: "The advance observers mission from the guarantor countries, including an Argentine colonel and an Argentine diplomat, have confirmed that the cease-fire commitment signed by the parties has been broken."

In remarks made before leaving for South Africa with President Carlos Menem, the foreign minister said: "We believe this breach of the commitment that had paved the way to peacefully resolving an extremely damaging conflict represents a situation of unexpected seriousness."

Di Tella noted: This represents a risk "not only for the countries involved, but for the region as a whole."

The mission of observers from Argentina, Chile, Brazil, and the United States, the guarantor countries of the Rio de Janeiro Protocol, has the goal of effectively controlling the truce signed by the presidents of Ecuador and Peru, Sixto Duran-Ballen and Alberto Fujimori respectively.

Di Tella pointed out: "We are in close contact with the other guarantor countries. We have requested immediate compliance with the commitment and the cessation of any provocative attitude."

The foreign minister concluded by saying: "We are reviewing the decisions to be made if these conditions are not respected."

Editorial Hails Peace Accord Between Ecuador, Peru

PY2302131095 Buenos Aires LA NACION in Spanish 21 Feb 95 p 14

[Editorial: "A Necessary Peace"]

[FBIS Translated Text] The signing of a peace agreement between Ecuador and Peru ends the hostilities between the two countries and begins a new stage in negotiations that may contribute to settle the border dispute that sparked the armed conflict.

The peace declaration signed in Brasilia contemplates the withdrawal of Peruvian and Ecuadoran troops from the theater of the armed conflict to areas in which their respective sovereignty has not been questioned and the establishment of a demilitarized zone to be monitored by the guarantor countries of the Rio de Janeiro Protocol, among them Argentina.

It is expected that, within this context, the feuding nations will negotiate a boundary demarcation that satisfies the minimum claims of each party and prevents the eruption of new conflicts. There are some uncertainties in this process since both parties have denounced the advancement of troops and clashes with the apparent intention of obtaining control of some areas before the arrival of observers.

Major efforts were required by the guarantor countries to hammer out this peace agreement due to the reluctance of the warring nations, whose governments claimed military victories and territorial advances hoping to capitalize on this armed conflict for political purposes.

The signature of the peace declaration was deemed by the Ecuadoran and Peruvian deputy foreign ministers a victory for the feuding countries and for the whole of Latin America.

From the moment the war broke out, it was very clear that no one would emerge victorious from it. The belligerent nations suffered many casualties and had to make a considerable economic effort, which will certainly not pass unnoticed. Even if the combatants had managed to occupy part of the territory under contention in an undisputable manner and score a military victory over its rival, that would not have guaranteed greater border control or enabled it to peacefully enjoy said territory because the looming threat of war would still be there. In light of the uncertainty springing from a possible threat of war, it would have been most difficult to take advantage of conquered territory from an economic standpoint.

Likewise, it was obvious that the outbreak of the armed conflict adversely effected the rest of Latin American countries, especially because it contributed to deteriorate the region's image in the eyes of the rest of the world and to increase the mistrust of international investors.

Hence, the signature of the peace treaty is a triumph of rationality that serves to stave off greater harm to the nations involved in this conflict and to the whole region.

It is now of the utmost importance to seriously move ahead with negotiations toward a definite and mutually agreed upon demarcation and the establishment of arbitration mechanisms that prevent future conflicts.

To do so, it is necessary to think about the future and the great challenges facing Latin American countries as regards economic and social development, without subordinating lives and resources to short-term political advantages or to hidebound views about the meaning of defending national interest and sovereignty in today's world.

Cavallo Rules Out IMF Loan, Praises IMF Monitoring

PY2302225395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0132 GMT 23 Feb 95

[FBIS Translated Text] Buenos Aires, 22 Feb (NA)—Today Economy Minister Domingo Cavallo ruled out the possibility of requesting an IMF loan, but stressed the importance of the international financial organization's monitoring of the country's fiscal accounts, because "it will help the disbursement of World Bank loans."

"We are not carrying out any kind of negotiations with the IMF," Cavallo stressed, adding that the IMF work was part of a "monitorial commitment that has to be carried out every six months, which will no longer be in effect after 31 March, and which was a requirement for the facility agreement signed three years ago."

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Cavallo said "a request for an IMF loan, instead of helping us, would hurt Argentina's creditworthiness" with other organizations.

The minister said Mexico was an example. "Interest rates went up immediately after Mexico announced negotiations with the IMF."

Cavallo held a news conference organized at the last minute. He said that as of 1 April the IMF will supervise the Argentine fiscal situation every three months instead of every six months as it is doing now.

Cavallo said the IMF will adopt the new supervision frequency "at Argentina's request, to unable the World Bank to give us the funds we need with the guarantee of that auditing work."

Cavallo said: "We determine Argentina's economic goals and programs, not the IMF. This organization makes an audit of our accounts and monitors the fulfillment of our goals."

The minister said the IMF "helped us convince the international financial community that Argentina's economic model is viable." adding that "IMF audits are essential."

Cavallo said the position of Radical [Radical Civic Union, UCR] legislators who refused to give the Chamber of Deputies the necessary quorum to discuss the Pymes [Small and Medium Sized Enterprises] flexibility law was "childish." The UCR legislators' position was due to Cavallo's refusal to go to the Chamber of Deputies to answer their questions.

Cavallo said that legislators "used that argument as an excuse to delay or prevent the discussion of the Argentine people's problems."

"They say I did not want to go to Congress, but the truth is that I have always been available when invited. What has happened is that they have not invited me," Cavallo stressed.

The minister said: "I have never shied away from a debate. I have never avoided giving all the explanations I was asked to give."

Cavallo accused legislators of "seeking a childish excuse to delay the treatment of this law, which is essential in fighting unemployment."

Cavallo said that Bill McDonalds [spelling as received], New York federal reserve director, was impressed with "the quality of Argentina's economic policies."

The minister said "this characterization will give more confidence to organizations like the World Bank at the time of disbursing funds for our country."

Cavallo said "there is no possibility" of requesting a loan from the federal reserve, adding that McDonalds is here to help us organize the Argentine Banks Superintendency.

Foreign Ministry Issues Communique on Laguna del Desierto

PY2302230395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2201 GMT 23 Feb 95

[FBIS Translated Text] Buenos Aires, 23 Feb (NA)—The Argentine Government today noted that the ruling handed down by the arbitration court that recognized Argentine sovereignty over Laguna del Desierto "is legally flawless" and "does not have any defects."

The Foreign Ministry also noted that the ruling is "mandatory for the two parties, final, and unappealable" and that its fulfillment "relies on the honor of the two nations."

An official communique released this afternoon by the Foreign Ministry points out: "Argentina is convinced of the lawfulness of its rights, which were recognized by the court in its ruling, and unreservedly continues to fully trust in this court as it has been doing since the beginning of the arbitration."

The communique was released after the Foreign Ministry acknowledged receipt of a notification about the objections raised against the ruling that Chile filed with the Arbitration Court in Rio de Janeiro, Brazil.

The Foreign Ministry emphasized: "The Court has clearly noted that notification of the Chilean writ does not involve any kind of judgment by the Court about the acceptability of the Chilean Government's filing."

The Foreign Ministry communique adds: "The Argentine Republic, which has fully complied with the ruling issued on 21 October 1994, will be honored to again comply with the judgment passed by the Court, and will file its objections to the Chilean writ within the period established by the Court."

Argentina has a 90-day period to raise "any objections it may deem appropriate" to the review petition that Chile filed with the Arbitration Court.

Di Tella Discusses Trade Issues, Falklands

PY2302131595 Buenos Aires LA PRENSA in Spanish 17 Feb 95 p 6

[Interview with Foreign Minister Guido Di Tella by Ana Gerschenson; place and date not given]

[FBIS Translated Text] [Gerschenson] What is the political meaning of the meeting between Menem and Cardoso?

[Di Tella] It is a huge political gesture. The mere fact that two presidents meet for two days is important. In addition, nearly their entire cabinets will accompany them. Eduardo Bauza, the secretary general of the presidency, will be present. And there will be a number of work groups. Migration as well as security, drug trafficking, and terrorism will be key issues.

[Gerschenson] With regard to terrorism, will any joint measures be taken in Ciudad del Este [Paraguay]?

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[Di Tella] This will be discussed. [State Intelligence Secretary] (Hugo) Anzorreguy and [Security and Community Protection Secretary] (Andres) Antonietti are going there.

[Gerschenson] Is it already an established fact that we will only join NAFTA as a bloc with the other Mercosur [Common Market of the South] countries?

[Di Tella] As established, the Mercosur will negotiate any trade treaty as a bloc. By signing the Mercosur, we have given up the possibility of doing whatever we please all by ourselves.

[Gerschenson] Do you believe that, if Argentina would not have joined the Mercosur, Argentina—and not Chile—would have been invited to enter NAFTA?

[Di Tella] As with everything else in life, it has its advantages and disadvantages. There are minor disadvantages and major advantages.

[Gerschenson] With regard to Chile, the arbitration ruling on Laguna del Desierto will be reviewed on 21 February. Is there any possibility of reviewing this ruling?

[Di Tella] There are no grounds whatsoever for reviewing this ruling.

[Gerschenson] Are we allowed to say, then, that a point of no return has been reached and that Laguna del Desierto will remain under Argentine sovereignty?

[Di Tella] Yes, this is so.

[Gerschenson] The Mexican crisis has affected most Latin American economies. To what extent would a devaluation of the Brazilian currency affect the Mercosur?

[Di Tella] Yes, but there will not be any devaluation.

[Gerschenson] Are you so sure?

[Di Tella] We are fairly confident.

[Gerschenson] And there will not be any devaluation in Argentina either?

[Di Tella] Don't waste your time.

[Gerschenson] Do you believe that talking about this issue represents a waste of time?

[Di Tella] Who would want to devaluate after the experience of a country that did so? Only a total masochist would do so.

[Gerschenson] I am not telling you that anyone wants to, however, I am talking about a possibility.

[Di Tella] Yes, it is possible to concoct a disaster. Devaluation would be a disaster for our country. But there is no devaluation, nor will there be any.

[Gerschenson] The Mexican ambassador said the crisis involves Latin America as a whole. He said it broke out in Mexico as it could have broken out in any other country of our region....

[Di Tella] Well, now....

[Gerschenson] Don't you think the same?

[Di Tella] No.

[Gerschenson] With regard to the Malvinas oil issue, could British Gas and YPF [Government Oil Deposits] have established the basis for an agreement without a blink by the British Government?

[Di Tella] Obviously, neither of the two companies is doing anything against the policy being implemented by the two countries. Nevertheless, this is a free decision. I don't harbor the slightest doubt that this is part of the atmosphere that has been created with regard to the possibility of cooperation.

[Gerschenson] It doesn't seem that this atmosphere has been created in the islands, where the kelper legislators remain adamantly opposed to any agreement with Argentina.

[Di Tella] Who says they remain adamant?

[Gerschenson] They are saying it, according to their latest remarks.

[Di Tella] We have to deal with the United Kingdom and not with the islanders. Basically, there is no disagreement.

[Gerschenson] But there is no agreement either.

[Di Tella] They are managing separately to a certain point, but it happens that their governor is appointed by the Foreign Office. They—and not us—have a different opinion.

[Gerschenson] Nevertheless, the British Government emphasizes that it will respect the islanders' opinion.

[Di Tella] How is it, then, that they reached the conclusion that they want to cooperate with us? Yet they have reached this conclusion.

[Gerschenson] Cooperate in what way?

[Di Tella] We have resumed negotiations reopening the possibility of reaching a cooperation formula on oil exploration.

[Gerschenson] And to cooperate involves accepting a law approved by the islanders, limiting Argentine participation in consortiums to 49 percent?

[Di Tella] That is ridiculous. By no means will it be accepted.

[Gerschenson] But sharing the royalties on this business with the islanders will actually be accepted....

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[Di Tella] We shall see. The only acceptable solutions are those that respect the sovereignty umbrella and do not involve giving up sovereignty rights.

[Gerschenson] Therefore, is the possibility of establishing a private binational agency for joint administration acceptable for Argentina?

[Di Tella] It is a possibility. Such an agency is being considered in terms of protecting these legal points.

[Gerschenson] In other words, there are plans to establish a private binational agency and share the royalties as if the islanders and the Argentines were two partners....

[Di Tella] This is one of various possibilities. Now, then, why are we interested in economic cooperation even before legally regaining sovereignty? Because it involves implementation of an economic process that confirms the islands absolutely require mainland Argentine cooperation for their future and their development. If we would say that we don't want any cooperation, we would be directly tying the islands to the United Kingdom. If not, we would be pushing them into a closer relationship with the United Kingdom. It seems much better to us if they have a South American relationship.

[Gerschenson] The islanders keep saying that they will sell the exploration licenses before the end of the year. Does your threat of resorting to international courts to prevent this still stand?

[Di Tella] If the negotiations are positive, we will agree to bids in accordance with the standards agreed upon with the British. If no agreement is reached and they decide to go ahead on their own, we will implement the entire package of legal measures to block their bids, their exploration, and the establishment of responsible companies.

[Gerschenson] Do we have to wait until the oil issue is resolved before President Menem travels to London, or might it be earlier?

[Di Tella] If the issue is not resolved, a trip makes no sense.

[Gerschenson] Latin America's image is fairly deteriorated—the war between Peru and Ecuador, the Mexican crisis, the Zapatist guerrillas.... To what extent do these events affect the Argentine economy's future?

[Di Tella] As anyone else, you would like to have a nice house in a nice neighborhood. We have a nice house, which is Argentina, but we would also like our neighborhood to be nice. A country like Brazil helps us a lot. It is extremely important. We believe the Chilean situation is excellent. The issue involving Ecuador and Peru, however, is a regrettable disaster. The situation is dramatic. This is miserable for our neighborhood. The Mexican issue has had negative repercussions in the United States and in Europe. Well, now, some houses in our neighborhood require refurbishment, and we cannot move out.

Visiting Bolivian Military Head on Falklands, Peru, Ecuador

PY2302215795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1944 GMT 22 Feb 95

[FBIS Translated Excerpt] Buenos Aires, 22 Feb (NA)—Addressing the border conflict that is pitting Peru against Ecuador, General Reynaldo Caceres Quiroga, the commander in chief of the Bolivian Armed Forces, and Lieutenant General Martin Balza, the Argentine Army chief of staff, today jointly called for "peace and unity" in the American continent.

The Bolivian military commander, who has been visiting our country since yesterday, emphasized that "as part of this continent," the Malvinas Islands "should rightfully be under the sovereignty of the Argentine fatherland."

Caceres Quiroga made these remarks when he was decorated by the Argentine Army with the Order of Military Merit at the grade of "Grand Cross" during a ceremony chaired by Balza at the Libertador building [Army headquarters].

Caceres Quiroga indicated: "Bolivia and Argentina call for peace and understanding, and will contribute toward achieving this goal as much as possible." [passage omitted]

Polish President Walesa Arrives on Visit

PY2202155495 Buenos Aires TELAM in Spanish 0207 GMT 22 Feb 95

[FBIS Translated Text] Buenos Aires, 21 Feb (TELAM)—Polish President Lech Walesa arrived at the Ezeiza International Airport at 2300 [0200 GMT 22 February]. He will stay for more than 24 hours.

The Polish president, on his first visit to Argentina, was received by Foreign Minister Guido Di Tella and Polish Embassy officials.

The Polish president is accompanied by his wife Danuta, his foreign minister, and a delegation of Polish officials and entrepreneurs.

Walesa will meet with President Carlos Menem twice tomorrow. The two presidents will sign agreements in areas of bilateral interest. During the evening he will attend a reception offered by the Argentine head of state at the Olivos residence.

Walesa will start his activities with a mass at 0800. Then he will lay a wreath at the San Martin monument. At noon, the Polish president will share a luncheon with Argentine entrepreneurs.

During his short stay in Argentine, Walesa will make protocol visits to the Supreme Court, to the leaders of both chambers of Congress, and will participate in a welcoming reception organized by the Polish community in our country.

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Walesa's departure for Montevideo is scheduled for 0945 on 23 February. Foreign Minister Di Tella will bid him farewell at the Ezeiza International Airport.

Meets Menem, Signs Agreement

PY2302183695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2358 GMT 22 Feb 95

[FBIS Translated Excerpt] Buenos Aires, 22 Feb (NA)—President Carlos Menem today met twice with his Polish counterpart, Lech Walesa, who took advantage of his visit to our country to sign bilateral agreements and familiarize himself with the constitutional reform implemented in Argentina last year so as to implement similar reforms in his country's constitution. [passage omitted]

During their first meeting, the two presidents reviewed bilateral relations and the growth achieved by the two countries during the past few years. During their second meeting, bilateral agreements were signed.

The two presidents first met privately and in the afternoon met with their foreign ministers and members of their respective cabinets to sign a number of bilateral agreements. [passage omitted]

After meeting Menem at the Government House, the Polish president went to Congress to greet Chamber of Deputies President Alberto Pierri, Senate President Eduardo Menem, and the Chamber of Deputies and Senate Foreign Relations Committees' chairmen.

During his remarks in Congress, Walesa emphasized that, following the dissolution of the Soviet Union, "there is no possibility whatsoever for Russian domination to be reinstated" in East European countries.

Walesa said: "Russia does not represent a threat to anyone, therefore, we want to assist Russia in overcoming its problems." [passage omitted]

Menem, Walesa, and their foreign ministers and officials from the two governments met for the second time at 1800 today at Government House. [passage omitted]

Exchanges Praise, Decorations With Menem

PY2302201895 Buenos Aires TELAM in Spanish 0011 GMT 23 Feb 95

[FBIS Translated Text] Buenos Aires, 22 Feb (TELAM)—On 22 February, President Carlos Menem underscored the battle his Polish counterpart Lech Walesa spearheaded in the 1980's saying that his struggle for democracy was an example for all.

Menem spoke of Walesa as "a man who for many decades fought ceaselessly for democracy, freedom, and full respect for human rights under very difficult conditions in his homeland."

Having decorated Walesa during a ceremony held in the White Hall of Government House, Menem said: "His great faith and the heroic support of a very considerable sector of his native land gained them victory so that Poland may live in democracy and freedom."

Prior to that and in the same place, the two heads of state presided over a ceremony in which Argentine Foreign Minister Guido Di Tella and Polish Deputy Foreign Minister Robert Mroziewicz signed a memorandum of understanding and bilateral consultation.

Menem decorated Walesa with the Grand Collar of the Order of the Liberator General Jose de San Martin while the Polish president awarded the Polish Merit Cross to his Argentine counterpart. The two decorations are the highest official distinctions awarded in each country.

Walesa said: "We Polish owe a lot to Argentina" because "during very difficult times, when they erased us from the map of Europe, we have always found in this country a place where we could wait, get ready, and fight for our people's freedom."

The leader of the Solidarity movement stressed that "the Argentine president is a man of great merit," adding that the policy Menem is furthering is "similar to the one we are implementing in Poland, with similar values and a great dose of realism."

"Perhaps you are not aware of it, but we know the problems you had and the situation in which you were not long ago. He [Menem] made a great effort to change the situation, and has also helped us in Poland to achieve success," he said.

Before the ceremony, Menem and Walesa held the second working meeting of the day, during which they discussed bilateral relations.

Also attending the meeting, which lasted for nearly an hour, were Di Tella, Argentine Ambassador to Poland Nicolas Garcia Pinto, Secretary General of the Presidency Eduardo Bauza, and other government officials.

Walesa was accompanied by Minister of State Mieczyslaw Wachowski, Polish Ambassador to Argentina Andrzej Wrobel, Industry and Trade Minister Marek Pol, and other members of his entourage.

President Menem Departs for South Africa

PY2302222495 Buenos Aires TELAM in Spanish 2105 GMT 23 Feb 95

[FBIS Translated Text] Buenos Aires, 23 Feb (TELAM)—President Carlos Menem departed from the Ezeiza international airport at 1755 today. He is bound for South Africa where he will be staying for 48 hours and where he will sign a declaration with his counterpart, Nelson Mandela.

Menem, his daughter Zulema, Foreign Minister Guido Di Tella, trade union leader Lorenzo Miguel, Justicialist Party Secretary General Alberto Kohan, and a small delegation of entrepreneurs are traveling aboard the Tango-01 [presidential] plane.

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Bolivia

Congress Ratifies Extradition Treaty With Spain

PY2302232095 La Paz LA RAZON in Spanish 26 Jan 95 p A8

[FBIS Translated Excerpt] With the approval by the Senate of the bill in question, the national Congress yestrerday ratified the extradition treaty signed by Bolivia and Spain in April 1990.

Through that treaty, Bolivia and Spain "are obliged to hand over reciprocally, and according to the rules and conditions established by the provisions of the same treaty, people whom the judicial officials of one of the parties seek for some crime, or who are wanted for the execution of a sentence or security measure involving deprivation of liberty." [passage omitted]

Prosecutor Reports Irregularities in Naval Narcotics Case

PY2302234695 La Paz Television Nacional Network in Spanish 1700 GMT 22 Feb 95

[FBIS Translated Text] The investigation into the involvement of naval personnel in drug trafficking has so far left one Colombian dead, one prosecutor suspected of involvement, and three high-ranking military officers on the list for investigation.

[Begin recording] [Reporter Amalia Pando] Regarding the case of naval personnel involved in drug trafficking, Prosecutor Adolfo Martinez of Trinidad resigned after releasing two key individuals in the investigation. The released individuals are the brothers Roberto and Hugo Vazquez Molina, who were in charge of sending to Colombia the drugs that had been brought in Navy trucks to the El Maral ranch. Prosecutor Leopoldo Ramos, who is in charge of the investigation, disclosed that another prosecutor in Trinidad obstructed his investigation.

[Ramos] I went to Trinidad when we learned that the last stage for shipping the drugs was in that city, and that the two brothers Roberto and Hugo Vazquez Molina were being held there. They were under arrest there, but their names were not even registered with the FELCN [Special Antinarcotics Force] of Trinidad. I requested that the two brothers be sent to La Paz because we had their record, their weapons as evidence, and also the fact that they worked at the El Maral ranch. But the Trinidad prosecutor refused to send them. I therefore had to get official authorization from the Attorney General's Office for Beni Department. And I went to Beni with the official document as prosecutor, but the two brothers had already been released.

[Pando] They were released by a prosecutor in Trinidad. What is his name?

[Ramos] Adolfo Martinez.

[Pando] The release of the two brothers is not the only irregular event in Trinidad. Ten days after the arrest of Captain Oswaldo Justiniano, aka Sacate, in La Paz, the Colombian who was waiting for the 500 kg of drugs that were seized from naval trucks was murdered in Trinidad.

[Ramos] We have information and testimony that 500 kg of drugs had already been sent in November 1994 to El Maral, which is a ranch in Trinidad. The drug traffickers already had 500 kg of drugs, and they were waiting for another load of about 500 kg because every airplane carries 1,000 kg. The Colombian was waiting for the drugs, and had the money to pay for the second load, but the Colombian was murdered. The two brothers who were working at El Maral were arrested, but they were later released. In other words, we don't have the drugs sent before, we don't have the money, and we don't have the two brothers who were arrested.

[Pando] The resigning prosecutor, Martinez, will possibly be tried for complicity. Meanwhile the surprises continue in this case, as Prosecutor Ramos has summoned three high-ranking officers, who are not all from the Navy, to testify.

[Ramos] They are from the Navy, the Air Force, and the Army.

[Pando] Are they also connected with Justiniano?

[Ramos] We suspect they are, as their names are listed in the documents. We are investigating. We also have a police officer and a sergeant from the FELCN who are under investigation.

[Pando] Prosecutor Ramos estimated that the investigations will conclude sometime after the carnival celebrations. [end recording]

Brazil

Adm. Flores Denies U.S. Pressure Over Sivam Project Award

PY2302135695 Sao Paulo AGENCIA ESTADO in Portuguese 2340 GMT 22 Feb 95

[Report by Cleber Praxedes and Tania Monteiro]

[FBIS Translated Text] Brasilia, 22 Feb (AE)—The Strategic Affairs Secretariat (SAE) today denied a report published in the NEW YORK TIMES stating that the French company Thomson bribed the Brazilian Government to award it the contract to supply equipment for the Amazon Region Surveillance System (Sivam). While still chief of the SAE, Admiral Mario Cesar Flores said the Brazilian government choice of the American group Raytheon to install the satellite system was exclusively technical. "There has not been any political influence," he said.

In June last year, the main French newspapers reported that Thomson, which lost the contract, and French

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Government officials thought Brazil had yielded to U.S. pressures to chose Raytheon. "There has been no pressure," Flores insisted.

Flores said the favorable financing conditions offered by the Americans to install the Sivam project was decisive in the choice of the Raytheon-Ericsson consortium that includes 24 companies from several countries. Flores said: "The U.S. proposal envisages financing the entire program. With the French proposal, part of the program would have been financed through the issuance of Treasury bonds," adding: "It was a complicating factor."

The Sivam installation project is estimated to cost $1.350 billion. Nearly 40 percent of this ($500 million) will be spent on Brazilian equipments and services, financed by the company that won the international bid. The U.S. financing includes an 8-year grace period. Only after this period will the Brazilian Government begin to pay the first installment of the financing over 10 years.

The Brazilian Government has already taken all the legal and bureaucratic steps to install the Sivam project. The winning consortium contract was submitted to the Finance Ministry attorney and the Senate both of which authorized the external financing.

The installation of the Sivam project could take between five and eight years. The fist technical stage is the installation of a processing center in Manaus, including computers and communications equipment that will be integrated to air traffic control radar installations already in place and to others that will be installed. Beside controlling air traffic, the equipment will help control the environment.

For example, one piece of electronic equipment will allow the total monitoring of the jungle. Through the analysis of tree leaves, it will verify if any activity that should be controlled is being carried out in the Amazon jungle. For example, coca processing laboratories or illegal lumbering will be detected through studies based on information obtained from electronic equipment that can "see" through the jungle.

Finance Minister Interviewed on Reforms

PY2202194495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Feb 95 p B4

[Interview with Finance Minister Pedro Malan by Riomar Trinidade and Odail Figueiredo in Brasilia; date not given]

[FBIS Translated Text] [O ESTADO] Will the tax reform with the already announced merging of the IPI [industrial products tax] and the ICMS [goods and services movement tax] be resumed?

[Malan] No. Tax reform is a complex subject, mainly because we want to take the opportunity to discuss our tax system for the incoming century. We will present an ambitious project, which Congress will have to discuss for months.

[O ESTADO] It can be observed that the proposal causes more discussions than consensus on what must be done.

[Malan] There is great consensus on several fields: the need to simplify the tax system and to merge some taxes on the same calculation basis, like the IPI and ICMS. The current tax system is so complex that it favors tax evasion and allows so-called tax planning, which is nothing but the exploitation of the gray zones of the tax laws. The most profitable profession in Brazil is tax law specialist. There is also a concept that production, investments, and exports should not be taxed. This should be a federal matter, given its implications to macroeconomic policy and in preventing a fiscal war among the states. Subjects that can be regulated by common or complementary laws must also be eliminated from the Constitution.

[O ESTADO] Are there differences of opinion within the government regarding the tax reform?

[Malan] There are no differences of opinion regarding the substance of the reforms, but there are different views regarding technical and operational matters. There are different political evaluations regarding the relationship between the federal government and the states and municipalities, which is part of democratic coexistence. This will be discussed in Congress. The government does not intend to reduce the volume of resources for the states and municipalities.

[O ESTADO] Does the government expect the amendment to be approved this year?

[Malan] That will depend on Congress, but I do not think that the new tax model can be applied before January 1997. This is why we must present a more daring an ambitious proposal for the financial system, thinking of the future. The government proposal in that field will probably be the last constitutional amendment proposal to be sent to Congress. Before this is done, we will send amendment proposals for the public administration and expenses.

[O ESTADO] What amendments are those?

[Malan] We want to discuss the allocations of the revenues in the Brazilian Constitution, which have no parallel in the rest of the world. This considerably reduces the possibility of implementing a fiscal policy touching on the structure of public expenses. Excessive allocations are antidemocratic, and could frustrate the public. Nobody knows who will be the president in four or eight years, but he could be elected based on a program that he will afterward not be able to comply with, because the Constitution determines how the budget resources must be spent.

[O ESTADO] What are the main budget allocations?

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[Malan] There are allocations for education, the sectors, funds, programs, states, and municipalities. Some budget items have indirect allocations, like expenses with personnel, which cannot be reduced on account of job stability. Adding all that, there is less than 10 percent left for the government to define its priorities. We also want to redefine the attributions of the federal government, states, and municipalities in fields like health, housing, and sanitation, because the transfer of resources must be accompanied by a transfer of responsibility.

[O ESTADO] The Social Emergency Fund will end in December. If the reform does not go into effect before 1997, how will the government close its accounts next year?

[Malan] I am always asked whether the real will survive without the reform. However, tax collection is doing very well. In January it reached 6.8 billion reals, or 30 percent more than in December—and it must be considered that the IPMF [provisional tax on financial operations] was eliminated. It is impossible to continue with the tax reform debates without becoming concerned with a reduction in tax collection. As for the Social Emergency Fund, it will become less necessary with the elimination of the constitutional revenue allocations.

[O ESTADO] Banespa [Sao Paulo State Bank] has affected the government image, particularly yours. Will Banespa be privatized?

[Malan] The report from Altino Cunha, who was appointed Banespa manager by the Central Bank, will be ready by the end of the month. This report will show Banespa's results, last year's balance, its real situation, and suggest alternatives. Whatever the future of the bank may be, it will be carefully discussed with Sao Paulo Governor Mario Covas and with the Banespa management and employees.

[O ESTADO] The increase in consumption has caused concern among some government circles because it could fuel inflation. Do you intend to adopt consumption-restrictive measures?

[Malan] Since the beginning of the Real Plan we have adopted a consistent attitude of not adopting surprise measures and working with clear criteria. On the same day we launched the real, we adopted consumption-restrictive measures by determining a 100 percent compulsory deposit by the banks from their clients checking accounts, and 20 percent from their savings accounts. These measures were always envisaged as a restraint on excessive—let me stress the word excessive—consumption with relation to the possibility of increasing the short term supply. There is no reason why I should change my words.

[O ESTADO] But since the implementation of the Real Plan eight months ago, the government also changed its direction a few times.

[Malan] In September we further restricted liquidity by increasing the compulsory deposits on savings accounts to 30 percent. When we realized that we had advanced too much, we gave the banks more time to comply with that measure. At the end of the year we reduced the Advanced Exchange Contract (ACC) terms to restrict the inflow of foreign resources. These are not economic packages or changes in the rules of the game. It is a matter of administering the demand.

[O ESTADO] Does the government consider that there is currently excessive consumption?

[Malan] Within the economic team there are people who think so and others who do not. We constantly exchange ideas about this, and if there is a convergence of ideas, be it in one direction or the other, the government will do something. But there is still no convergence. I cannot give my opinion because I am kind of an arbiter in these kinds of evaluations.

[O ESTADO] Imports are satisfying internal demand. But our trade balance registered a deficit for three consecutive months, and the government is facing a need to restrain the entrance of foreign goods given the international situation created by the Mexican financial crisis. How would you adjust this?

[Malan] The trade balance deficit was $492 million in November. It increased to $884 million in December, and dropped to $290 million in January. Imports are always greater at the end of the year, and the real has helped expand consumption. We also exaggerated by facilitating imports through the mail service, and we had to retreat on that. Now we have again increased the import taxes on cars and returned to the timetable we agreed on with the automobile industries in September, which envisaged a 20 percent import tax by the end of the century. Therefore the rules were not broken.

[O ESTADO] Has the trade balance been equalized?

[Malan] Deficits of this magnitude will not be repeated. The information on the ACC's contracted by importers and exporters already indicate a process of reversal. The deficit in the ACC account was $612 million in November and $502 million in December. In January it became a $480 million surplus. By 16 February the surplus was $1.006 billion.

[O ESTADO] Does this mean that the adjustment has already been made in the field of exports?

[Malan] I do not know whether it is enough. If it is not, we will do something else, because this is a process. The situation is currently under control, but we are talking about something that has its own dynamics. Things change constantly and we must always adapt to changes.

[O ESTADO] Don't you fear that the Mexican crisis, which has already affected Argentina, will end up harming Brazil?

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[Malan] The government is not passive when events outside its control could affect it. We have instruments with which to act, and we will not allow our current account (trade balance plus services) deficit to reach the level of that of Mexico. The Mexican current account deficit last year reached 8 percent of GDP. Ours was 0.2 percent. To say that our problem is equal to that of Mexico is a joke.

[O ESTADO] But the crisis is also causing capital to leave Brazil.

[Malan] We live in a world that is integrated by trade and finances. More important than Mexico is the fact that the U.S. interest rates have more than doubled in less than a year. The United States currently works as a magnet, attracting back the capital that was sent abroad and applied to emerging markets in 1993 and 1994. We are relatively all right in this scenario, because Brazil has an advantage in comparison with most developing countries.

[O ESTADO] What advantage is that?

[Malan] We have better conditions to attract direct investments, those that come with long-term expectations. That is the reason we decided to suggest to Congress that the monopolies be eased, because that will increase our capability to attract direct investments at a time when short term foreign applications are withdrawing. It is perfectly possible to finance a current account deficit of 1 to 2 percent of GDP, preferably with direct investments.

[O ESTADO] An increase in the public utility rates is expected in April with the expiration of the 1 year term since the conversion of prices into URV's [real value units]. Contracts also remained frozen for a year. How will the government administer the lifting of this freeze?

[Malan] All public federal, state, or municipal companies must present a justification for increasing their rates based on the evolution of their costs and on their investment projections. Under the current situation, to think of April is mid-term programming, and each day counts. That will be discussed further on.

[O ESTADO] The social security system has a study showing that it could pay for a minimum wage increase, but the government no longer speaks of suspending the social security system pension increase adjustment according to wage increases. How is this possible?

[Malan] Minister Reinhold Stephanes will this week present to Congress an extra-constitutional bill allowing a minimum wage increase without affecting the social security system. There are ways to increase the minimum wage without affecting the social security system. The Social Security system pays a minimum wage to 80 percent of retired workers, that is, 11.2 million people. To increase the minimum wage to 100 reals is laughable from the individual point of view, but it would cost the social security system 5.5 billion reals.

Official Hints at Moves To Cool Economy

95SM0190B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 95 p B-3

[Interview with Secretary of Economic Policy Jose Roberto Mendonca de Barros by Beatriz Abreu, date and place not given]

[FBIS Translated Text] Brasilia—*The government may resort to additional measures to curb consumer purchasing, Secretary of Economic Policy Jose Roberto Mendonca de Barros acknowledged yesterday. The administration was surprised by the behavior of demand in January. "Employment did not decline, and no one sent their workers on extended vacations, and that concerns us," he admitted. The only reason the sales did not have a stronger impact is that they were concentrated in the home appliances sector where, so far, there have been no product shortages. But the government might even take steps to bring about a "cooling of the economy"—the economic team avoids using the word "recession."*

[Abreu] So January's consumption exceeded all expectations?

[Mendonca de Barros] It is true that retail sales were strong in January compared with January 1994. Calls to Telecheque and to the SPC [Consumer Protection Service] are running about 10 percent ahead of the same month of last year. What is strange is that this movement is concentrated on home appliances. The used car market is relatively weak. Auto prices are dropping. The apparel sector is definitely weak.

[Abreu] Is there a threat of shortages?

[Mendonca de Barros] Supply and demand are perfectly normal. What we have is a situation where demand from the general public, which continues to be relatively strong, comes on top of demand from industry, which needs to rebuild inventories.

[Abreu] Is there a fear that there could be shortages of products, and price increases?

[Mendonca de Barros] We will have to solve that problem. Actually our biggest concern is that the only way to prevent that is to cut aggregate demand a little, by reducing government spending. There is also another vital factor: businessmen need to start investing in new factories. We need to stimulate investment decisions.

[Abreu] But every investment has a maturity period. In the meantime, will the spending cuts be enough?

[Mendonca de Barros] I hope so. It is hard to say because this is a surprising country. Otherwise we might perhaps have to think of additional things, such as cooling the economy. But not by means of interest rates, which have already done their job and are high enough.

[Abreu] Where can the government have an effect?

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[Mendonca de Barros] Outside the public sector...we have problems in installment sales where we might perhaps be able to do something.

[Abreu] How much time is needed for this transition?

[Mendonca de Barros] I think this transition will necessarily have to be demonstrated during the first six months. During that period, we will see the beginning of the constitutional revision process, the harvest on the farms, and the end of the mandatory process of recomposition of the IPC-r [Consumer Price Index-*real*].

[Abreu] If companies are operating at their peak, the government will have to put the brakes on consumption.

[Mendonca de Barros] I know. Last week, we changed savings account yields. That made savings accounts more competitive. It is one step in that direction.

[Abreu] Raising the interest rates is not being considered?

[Mendonca de Barros] In principle, no. There are some financial transactions, such as credit swaps, that are enabling stores to offer credit terms for six, seven, or eight months, and stay completely within the law. It is not that easy to restrict those transactions.

[Abreu] So, can we expect new measures?

[Mendonca de Barros] Well, we are going to look at it. As the plan succeeds, it brings increased consumption with it—partly because of confidence and partly because we no longer have inflation. So this interim period is more a question of art than of technique. If we have to, we will take additional steps.

[Abreu] What can be done? Tighten credit further?

[Mendonca de Barros] Well, maybe. But you cannot impose limits on equity capital, which can be used to supplement financial capital. We are seeing an increase in total discounts of trade acceptance bills and promissory notes. Even the 60 and 90-day LTNs [National Treasury Bills] are being sold again. The inflation outlook is so good that it has become easier to market 60 and 90-day paper. There are several things that could be done in the monetary area.

[Abreu] How will the government solve the problem of imports?

[Mendonca de Barros] Domestic production has risen tremendously, and we are expecting an expansion in 1995. Since the level of reserves was very high, it was possible to boost the supply of imported products. We had a great Christmas season and still entered January with no supply problems at all. The trade liberalization was a decisive factor in this.

[Abreu] Have massive imports already served their purpose?

[Mendonca de Barros] The trade liberalization has one objective that is more permanent which is to maintain a higher degree of competition within this country. The liberalization had a seasonal component because in four months it handled an exceptional heating-up of demand. But the domestic industry was also quick to respond. The relaxation also permitted huge imports of capital goods.

[Abreu] Considering current indices, would it be possible to predict an inflation rate of 17 percent at the end of this year?

[Mendonca de Barros] It is hard to make predictions during this transition period. But what can be said today is that the inflation that is occurring is consistent with a lower figure than that. But for seasonal reasons such as the upcoming harvest, right now is the best time. If we discount seasonal factors, both for and against, inflation is running at about 1 percent [per month].

[Abreu] Does this optimism include a prediction of a deflation?

[Mendonca de Barros] No. The FIPE [Economic Research Institute]/ESTADO DE SAO PAULO Index, which calls for a deflation, is not affected by seasonal factors such as rents. Outside these contractual things, we have every reason to continue with fairly low inflation rates.

Sergio Cutolo Installed as Federal Savings Bank President

PY2302132595 Sao Paulo AGENCIA ESTADO in Portuguese 2306 GMT 22 Feb 95

[Report by Vania Cristino]

[FBIS Translated Excerpt) Brasilia, 22 Feb (AE)—The installation of Sergio Cutolo as Federal Savings Bank (CEF) president, as well as that of the CEF board of directors, was marked by the absence of the streamlining [saneamento] director of the bank who did not attend the collective installation ceremony today at the CEF cultural Center in Brasilia. [passage omitted]

Finance Minister Pedro Malan and Civilian Household Chief Clovis Carvalho were present at the ceremony which was also attended by recently installed Bank of Brazil President Paulo Cesar Ximenes. Mauricio Schulmman, president of the Brazilian Federation of Banks (Febraban), and Joao Batista Gatti, president of the Brazilian Association of Housing Savings and Loan Companies (Abecip) were also present in the ceremony.

Beside Sergio Cutolo, the following CEF directors were installed: Adlemar Torres (Administration and Human Resources), Sandra Beatriz Bairros Tavares (Financial), Valdery Albuquerque (Funds and Programs), and Jose Fernando de Almeida (Housing).

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Planning Minister Explains Constitutional Amendments

PY2102160995 Sao Paulo AGENCIA ESTADO in Portuguese 2154 GMT 16 Feb 95

[FBIS Translated Excerpt] Brasilia, 16 Feb (AE)—The government has sent proposals for amending the Constitution to Congress. The highlights of the five government proposals seeking to modify the chapter of the Constitution that deals with the economic order include the decision to fully open the research, exploitation, exploration, transportation, refining, import, and export of oil to private companies, both national or foreign. In addition to the oil area, the amendments open to private capital the exploitation of telecommunications services and piped gas. These amendments end discrimination between national and foreign enterprises and allow foreign investment in coastal navigation, mining, and electrical energy production. [passage omitted]

Planning Minister Jose Serra has reported that the amendment proposals sent to Congress today "are the least controversial and will be approved fastest in Congress." If an amendment is not submitted to long discussions, it can normally be approved in a minimum 132-day term. Serra said the congressional party leaders have informed the government that they will take less time. Serra did not explain if the shortening of the term implies a change in congressional rules. Beside being approved by the Constitution and Justice Committees, and by the special committees that will be created to study the amendments, the amendments must be approved by three fifths of Congress in two votes in separate sessions at the Chamber of Deputies and at the Senate. [passage omitted]

Serra reported that the participation of private capital in public services must be accompanied by a federal regulation. The Planning Ministry is already preparing a draft bill to regulate the charging of rates and to establish the rules that must be complied by the companies to continue the franchising of public services. The regulations, said the minister, will take into consideration the regional variations within the country.

The government proposals:

1. The definition of a "Brazilian company of national capital" will be eliminated from the Constitution. Such definition establishes a difference between genuinely Brazilian and foreign companies in the country. Any company installed in Brazil will be considered Brazilian. When buying goods and services, public companies will give preference to Brazilian companies that is, to what is manufactured in Brazil, independent of the origin of its capital.

2. The participation of foreign companies will be allowed in mining, a sector that is currently restricted.

3. Foreign companies will also be able to exploit, generate, and distribute electricity, which has so far been prohibited to them.

4. Oil continues a federal monopoly. However, the government is free to contract private companies to exploit natural gas and oil through franchises. Beside a constitutional amendment, the application of this provision will require changes to Law No. 2004 of 1954 which created Petrobras [Brazilian Petroleum Corporation].

5. The government may also allow private companies to exploit telephone, telegraphic, and data transmission services. These services can currently be exploited only by public companies.

6. The states, which have total rights over the exploitation and distribution of piped gas, will be authorized to franchise these services to private companies.

7. Coastal navigation, currently reserved for Brazilian flag ships, may be carried out by any company. The situation will remain as established in the 1988 Constitution until a law is passed.

Congress Enacts 12 Provisional Measures in First Session

PY2402000695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Feb 95 p A6

[FBIS Translated Text] Congress enacted 12 provisional measures [MP's] on 21 February during its first session following the summer recess. None of them was controversial. Measures like that establishing the Real Plan or the one allowing an increase in school fees, which were controversial, were not even offered for debate. Party leaders estimate that the next vote will take place only after carnival, as yesterday's order of the day included 43 MP's.

All the bills were passed by a symbolic vote in the Chamber of Deputies and the Senate, in keeping with the agreement reached among the party leaders. The MP providing for the settlement of Itaipu Binational Agency's accounts with the Treasury was crossed off the order of the day at the very last minute, following objections raised by Parana State congressmen. Four hundred and forty-four deputies were present in the Chamber of Deputies, whereas there was no roll call in the Senate.

The following are the MP's that were voted through on 21 February:

MP 852. It extends the validity of alien residents' identity cards from four to nine years.

MP 856. It exempts taxis from payment of the industrial products tax (IPI).

MP 859. It suspends mandatory military service for enlisted or reenlisted soldiers so as to enable them to have a part-time job in Rio de Janeiro.

MP 861. It extends the deadline for the reimbursement of financial resources from the Workers' Assistance Fund used to pay health expenditures by the defunct

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INAMPS' [National Institute for Social Security Medical Assistance] from six to 24 months.

MP 862. It extends the deadline for the conclusion of the inventory of real state, movable property, and documents belonging to the defunct INAMPS.

MP 874. For the purpose of estimating the execution of judgments passed by law courts against the National Social Security Institute, the period of work to be considered temporary hiring will be extended to six months.

MP 875. It empowers the Transportation Ministry to transfer 105 million reals [R] from the Brazilian Urban Transportation Company (CBTU) to Rio de Janeiro State's Urban Railroad Company.

MP 876. It grants a R4.3 million line of credit to the Treasury Contingency Reserve to cope with labor emergencies.

MP 877. It increases the number of civilian staff in military schools.

MP 881. It authorizes the executive branch to grant a R10.5 million loan to the Brazilian Lloyd's Bank through the National Bank for Economic and Social Development (BNDES).

MP 885. It authorizes the Bank of Brazil to borrow R500 million from the Workers' Support Fund (FAT) at a 6 percent annual interest rate for the funding of this year's harvest.

Main Points of Bill To Franchise Public Services Described

PY2002170895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Feb 95 Section 1 p 9

[Article by Daniel Bramatti and Gabriela Wolthers]

[FBIS Translated Excerpt] Brasilia—As of today, services traditionally rendered by the government—such as energy distribution, water supply, and funeral services—are open to the exploitation of private initiative.

President Fernando Henrique Cardoso yesterday promulgated the Law to Franchise Public Services after vetoing three articles in it as it was approved by the Senate on 17 January. [passage omitted]

The law promulgated by the president determines that bids must be called to grant franchises to exploit all public services—including those which already have the participation of private initiative.

The exceptions are the radio and television concessions. As for telecommunications and piped gas distribution, the law will be applicable only once the these monopolies are eased through a constitutional amendment.

The government also passed yesterday a provisional measure establishing the rules to renew the franchises of state electricity companies.

This provisional measure had been negotiated with Congress, which approved the law to franchise public services after getting a guarantee from the executive branch that it would extend the franchising terms of the states.

The provisional measure included, however, a novelty: a demand that public companies dutifully pay their "fiscal and social security obligations" if they want to obtain extensions.

What President Cardoso Vetoed

1. The president vetoed an article that opened up the possibility of making the government pay subsidies to private franchisers in case they suffered losses.

2. He also vetoed the article that prohibited the government from establishing "privileged fares" for specific segments of users.

3. The president also vetoed a provision that allowed the fares charged for the services to be frozen.

Understanding the Law To Franchise Public Services

Objective: With the law the government wants to attract private capital investments and encourage competition and modernization in sectors whose exploitation depends on government franchises, giving priority to the conclusion of paralyzed construction or construction that is behind schedule.

Franchises included in the law: Passenger transportation by bus, train airplane, and boats.

Generation, transmission, and distribution of electricity.

Telecommunications (this still depends on the easing of the government monopoly established by the Constitution).

Ports, highways, dams, and sluices.

Distribution of piped gas (this still depends on the easing of the state monopoly established by the Constitution).

Basic sanitary facilities.

Water treatment and supply.

Urban garbage collection and treatment.

Funeral services.

As it is today: These sectors are currently controlled by oligopolies (interstate passenger transportation) or state monopolies (energy plants, ports, and water supply).

Left for later on: Telecommunications and piped gas distribution will only change after the Constitution is amended.

Those left outside: Radio and television.

How the franchises will be granted: From now on, the franchises will be granted through public bids. Private

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and public companies will be able to participate. All the franchises will have a determined period of time of validity.

The franchises granted before the 1988 Constitution will remain valid until their expiration date. After they expire they will be subjected to bids.

Franchises with an undetermined period of expiration or granted without bids after 1988 will lose their validity.

Franchises that are not legally valid (in the case of passenger transportation) whose exploitation terms have expired or are undetermined will lose their validity after a minimum 2-year term.

The government gave in to the lobby of the electricity public companies, and extended expired or undetermined franchise periods beyond their expiration dates for up to 20 years.

In order to obtain this extension, the public electricity companies will have to prove that they have dutifully paid their fiscal and social security contributions.

Criteria to judge the bids: Smallest fee value.

Largest offer (in the case of what will be paid to the government in exchange for the franchise).

A combination of the two previous points.

Intervention: The power granting the franchise (be it federal or state government) will be able to intervene in the franchise to ensure the rendering of a service.

Public Company Shares Dropped $6 Billion Since December

PY2402132395 Madrid EFE in Spanish 1359 GMT 21 Feb 95

[FBIS Translated Excerpt] Brasilia, 21 Feb (EFE)—The Brazilian Government has lost $6 billion between December and January as a result of the drop in the value of shares of its companies in the Sao Paulo and Rio de Janeiro stock exchanges.

Sources reported in Brasilia that the market value of Brazilian public company shares negotiated on the stock exchanges dropped an average 7.76 percent in January compared with December 1994.

The shares which dropped most were those of the Bank of Brazil, which dropped by 16.10 percent, and Brazilian Telecommunications, Inc. (Telebras) which dropped by 12.92 percent.

The newspaper CORREIO BRASILIENSE reports that greater losses are expected for public companies in February.

Observers believe from now on public company shares will not be very much on demand especially since the government announced it would delay privatizations, to the disenchantment of the market.

Despite this, stock exchange activity on 20 February saw a massive purchase of public company shares whose quotations dropped last week as consequence of the government declaration not to privatize considerable sectors of the economy. [passage omitted]

Proposal Eases Federal Monopoly on Petroleum Activities

PY2402130895 Sao Paulo GAZETA MERCANTIL in Portuguese 17 Feb 95 p 8

[FBIS Translated Text] Seeking to ease the Brazilian Petroleum Corporation [Petrobras] monopoly, a government amendment has been issued to alter the most symbolic article of government power: Article 177, which defines federal government monopolies.

This article currently describes these monopolies, most of which are linked to petroleum and natural gas production and distribution. The article states in its first paragraph that these monopolies assume the risks and results of these activities, which cannot be franchised.

The amendment suggests that this paragraph be replaced by another stating that the federal government can "contract private enterprises" to produce and refine petroleum and gas. The amendment transforms a pure monopoly into a flexible monopoly. A pure monopoly is maintained over activities related to nuclear energy.

Here is the full text of the constitutional amendment that deals with private area participation in the petroleum area activities, as a result of easing the federal government monopoly:

Proposal for Amendment to the Federal Constitution

This modifies the First Paragraph of Article 177 of the Federal Constitution.

Article 1—The First Paragraph of Article 177 of the Federal Constitution will read as follows:

"Article 177

First Paragraph—The federal government may contract private enterprises to conduct activities contemplated in Items I through IV of this article, in accordance with the conditions established by the law."

Article 2—This amendment goes into force on the date of its publication.

Brasilia 14 February 1995.

Your Excellency Mr. President of the Republic,

In compliance with your instructions to eliminate from the constitutional text elements that may limit the country's economic development or restrict modifications to government policy, common legislation is being sought to provide the petroleum industry with the energetic model required by the country's level of development.

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2. [as published] The amendment seeks to ease the petroleum monopoly so that the federal government can contract private companies to conduct activities related to petroleum and natural gas prospecting and exploitation, oil refining, oil importation and exportation, and the marine transportation of oil, natural gas, and byproducts, including through pipelines. It must be ensured that common laws will rule the conditions and relations of contracts. Thus, the easing of laws that have no constitutional rank implies extending the power of the legislative branch to discuss the course of government policy linked to the petroleum area.

3. This easing will allow the government to attract private capital to determined activities in which Petrobras, alone, has no possibility of increasing its investment. As an example, the federal government may sign risk contracts for the search and exploitation of fields of petroleum, natural gas, and other liquid hydrocarbons, as long as it considers the system being adopted in the main oil fields in the world (like those in the North Sea). The government can also authorize by law the establishment of "joint ventures" [two preceding words in English] and partnerships between Petrobras and private companies for specific projects of a larger volume, such as the construction of a new refinery in the northeast region.

4. We believe, Mr. President, that the suggested modifications will meet the requirements of the economic and social development project proposed by Your Excellency, and will prove to be compatible with the construction of a more open, dynamic, and competitive economy.

Respectfully,

Nelson Jobim, Justice Minister

Pedro Malan, Finance Minister

Jose Serra, Planning and Budget Minister

Reinhold Stephanes, Social Security and Welfare Minister

Luiz Carlos Bresser Pereira, Federal Administration and Government Reform Minister

Raimundo Brito, Mines and Energy Minister

Social Security Reform To Amend 16 Constitutional Articles

PY2402134795 Sao Paulo AGENCIA ESTADO in Portuguese 2020 GMT 23 Feb 95

[Report by Vania Cristino]

[FBIS Translated Text] Brasilia, 23 Feb (AE)—Social Security Minister Reinhold Stephanes has sent the social security amendment proposal to President Fernando Henrique Cardoso. The 13 point government amendment proposal suggests changes to, and the elimination of, some provisions from the social security chapter in the Constitution. The government proposal, which will be sent to Congress after carnival, affects 16 articles of the Constitution and 8 articles of its Temporary Provisions.

The articles that will be modified include Nos. 24, 195, 201, and 202. Article 24 deals with the jurisdiction of the Federal Government, the states, and the Federal District. The government wants the Federal Government to be the only one to pass laws on social security, thus eliminating several existing social security systems and the superimposition of benefits. The government proposal envisages the maintenance of social security benefits linked to the minimum wage, the elimination of special retirement pensions according to labor categories, and the elimination of the accumulation of retirement pensions.

Articles 201 and 202 are totally rewritten in the government's amendment proposal. Rural workers, who currently have the right to retire 5 years earlier than urban ones, will have to retire at the same age than urban workers. Women will also have to retire at the same age as men. Teachers will loose the advantage of early retirement which currently is 30 years of work for men and 25 years for women. The changes also affect Article 195 on social security financing.

The minimum retirement age at around 60, and the minimum contribution term to be entitled to receive benefits—which currently stands at about 40 years—will not be defined in the new text. These specific details, which depend on statistical and demographic calculations, will be specified in a supplementary law. According to the Social Security Ministry, the reason for this is that these definitions can and must be altered from time to time depending on the seniority level of the population. This is why it should not be mentioned in the definite constitutional text. The best place to include these definitions is a supplementary law that requires a qualified quorum to be modified.

Telecommunications Sector Awaits Constitutional Reforms

PY2202015195 Sao Paulo GAZETA MERCANTIL in Portuguese 16 Feb 95 p 17

[Article by Heloisa Magalhaes]

[FBIS Translated Excerpt] On 17 February, Telebras [Brazilian Telecommunications, Inc.] and Embratel [Brazilian Telecommunications Company] will hold general meetings. On that occasion the names of the two telecommunications companies' new presidents will probably be announced. [passage omitted]

However, the choice of people to comprise the boards of the state subsidiaries, the so-called "teles," is not expected very soon. In the opinion of area executives, this will require the government's special attention, because the government has in its hands a proposal to

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modify the Constitution that calls for a broad negotiations process. Until then, the state government subsidiaries will continue to have the boards they inherited from the Itamar Franco administration, comprised of executives with three year mandates who were chosen during special meetings, as the norms for open capital enterprises establish. In these kinds of enterprises the board positions must be occupied even if only by acting executives.

As these are transition times, the "teles" have been holding competitions and biddings for projects that have already been defined. They are not proposing new investment for the area, particularly because 80 percent of the resources earmarked for the Telebras system this year—$3.6 billion—is to be used in projects that are already in progress. [passage omitted]

At Embratel, for example, investment contemplated for this year totals $500 million. An Embratel director who asked not to be identified said that biddings and contracts also continue to be signed normally, but that "decisions regarding partnerships with neighboring countries that were delineated during Franco's administration, or decisions referring to delicate topics such as signing contracts for a third new government satellite that can be included in the purchase of the two new Brasilsats, B1 and B2, are not being made." The resources for the new satellite, however, are included in the $500 million earmarked for the completion of the national fiber optics network and the replacement of the electromechanical telephone centrals currently in use by digital centrals.

People at Telebras are aware that this is not the moment to decide on the purchase of a new satellite, because it harms the interests of large private groups that have projects for the area that are already completed. These groups are, in addition, eager to render services for the area. [passage omitted]

Executives from the equipment-manufacturing enterprises ranked among the leaders of the large telephone centrals market, and which are the main suppliers of the Telebras system, such as NEC, Alcatel, and Ericsson, assert that current times are permeated with enthusiasm. They believe the telecommunications monopoly will end, and bet on the proposal to open the market up through franchising. Some of these companies are in the same group of other companies that are willing to operate the telephone system in the country, such as NEC and Globo.

These executives recall that Communications Minister Sergio Motta frightened the sector at the end of January, when he suspended the biddings for 226 projects of the "teles." Less than 10 days later, however, he calmed spirits as practically all the bidding papers were released.

One of the few processes still being analyzed is the Telesp (Sao Paulo Telecommunications) proposal, which is already in progress, about partnership with the private area. A Telebras director who has been a member of the board since Franco's administration said: "It is precisely a mechanism to attract capital from outside the official coffers. This mechanism was created at the end of the previous administration, and should be balanced with the new proposals from the Cardoso administration."

In the opinion of NEC President Gilberto Garbi, for the time being the best attitude is to bet on the success of the constitutional reform, because making the area more flexible is currently considered more feasible than before. Sebastiao Alpha, president of the Andrade Gutierrez group company known as Proceda, added: "The country is more mature and conscious of the need to improve telecommunications services, despite the reaction of the 90,000 employees of the Telebras system." Alpha is one of the founders of the Brazilian Institute for Telecommunications Development (IBDT), which is the official representative of national groups such as the Brazilian Discount Bank, Safra, Itamaraty, Globo, Andrade Gutierrez, and Odebrecht, which support an end to the telecommunications area monopoly.

The doubt now is about how long it may take for investments to really begin being made in the area. In the opinion of the less optimistic executives, it will not occur until next year. The most optimistic ones, however, believe that the constitutional reform will be a success, and that in the next four months the area will receive resources from various groups. These groups include national companies—in finance and construction—as well as consortiums comprised of foreign partners interested in operating the cellular phone system, and even European or U.S. operators that are cautious although closely following the events occurring in the promising Brazilian market, second only to that of China.

Embratel, Telebras, ECT To Remain Public Companies

PY2402150095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Feb 95 p B1

[Article by Eleno Mendonca]

[FBIS Translated Text] The number of Telebras [Brazilian Telecommunications, Inc.] subsidiaries will be reduced from 27 to a maximum of six. This was announced by Communications Minister Sergio Motta who added that the move is inevitable. He wants to deregulate the whole telecommunications system and allow the participation of private capital. During a second stage, private and public companies will compete freely. "It will be like a contest between Mike Tyson and Maguila [Brazilian boxing champion], everyone will have to be competitive," he said. During a third stage some companies will merge and others will close.

Minister Motta said that once his ministry is reorganized, "at the most" Telebras will remain as a franchise-granting and system- control holding of Embratel [Brazilian Telecommunications Company]—which will be

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totally controlled by the government since it is considered strategic from the point of view of information—and of the Postal and Telegraph Company (ECT) which will operate in partnership with private initiative. Motta said: "Anyone who thinks their patrimony will be sold in 10-minute auctions is mistaken. We want to establish an scenario of competition."

He said the system must be attractive for investors, especially for foreigners. Motta is preparing a document called PAST—a program to recover all telecommunications fields—in which he intends to invest $32 billion over the next four years. "Of this total we only have half. This year, for example, we have assured $4.3 billion plus $1.6 billion which the economic team is reluctant to release given its foreseen budget deficit." The rest will be sought through partnerships and opening of the market to private companies. Motta also plans to modify telecommunications rates: "Interurban calls are prohibitive while local calls are too cheap. This must be changed."

The Communications Ministry envisages allowing partnerships and selling public companies shares. A group has been specially created to verify the legal aspect of partnerships. Motta said: "At the start we will maintain control, but I repeat that in the end only Telebras, Embratel, and part of the ECT will remain public."

Decline in International Reserves Detailed

Now at $38 Billion

95SM0190C Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Feb 95 p 11

[FBIS Translated Text] Brasilia—President Fernando Henrique Cardoso said yesterday, in a speech on nationwide radio and TV, that Brazil has international reserves of $38 billion. The report shows that reserves have been declining since September 1994 when they had reached $43.4 billion in international liquidity and totaled $40.4 billion on a cash basis. At the beginning of January, in his first conversation with reporters after taking office, Central Bank President Persio Arida was still maintaining that the level of reserves was $43.5 billion.

January's decline in reserves was due to the 19 auctions at which the BC [Central Bank] had sold dollars since 1 December. In just one day—the 20th, when the Mexican crisis broke out—12 auctions were held at which the BC sold $2 billion. Another factor besides the Mexico crisis that contributed to the drop in reserves seen at the end of 1994 and the beginning of 1995 was the remittance of profits and dividends by the multinationals.

According to Central Bank figures released yesterday, reserves in November totalled $39.531 billion in cash and $41.9 billion in international reserves. According to the BC, the drop in reserves occurred because banks increased their demand for dollars.

The following figures on Brazil's reserves show the recent trend: January 1993, $18.8 billion; January 1994, $29.1 billion; April 1994, $35.1 billion; July 1994, $40.3 billion; September 1994, $40.4 billion; and January 1995, $38.0 billion.

In November 1994, foreign currency deposits fell by 21.5 percent with respect to October and stood at $3.6 billion. Meanwhile, loans in foreign currency rose by $1.4 billion and were associated with the $700 million increase in bond issues over the October figure.

$2.8 Billion Decline

95SM0190D Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Feb 95 p 11

[Article by Cristina Alves and Sergio Fadul]

[FBIS Translated Text] Brazil experienced a drop of $2.836 billion in its foreign exchange reserves between November and January, which represents a 7 percent loss in the external accounts fund. This means the country had $37.604 billion in January according to calculations made by the financial markets. This figure jibes with what President Fernando Henrique revealed yesterday. Asked for figures, the Central Bank's director of international affairs, Gustavo Franco, claimed he did not know, off the top of his head, the volume of reserves: "They are slightly less than $40 billion."

These figures simply confirm the administration's willingness to *burn up* $1 billion a month of the country's foreign exchange reserves with its policy of liberalizing imports and permitting a heavier flow of investments with other countries. In other words, dollars coming in and going out.

Economist Carlos Ivan Simonsen Leal, director of the Graduate School of Economics (EP-GE) at the Getulio Vargas Foundation, notes that some market estimates showed that reserves fell to $36 billion in January. Reserves were thought to have improved during the month with the extension of the deadline for the Advances on (Forward) Exchange Contracts (ACCs) which stimulated exports and thus increased the inflow of dollars. "This recovery may not last," Leal warned.

Gustavo Franco said that on the first two business days of February, the trade surplus stood at $193 million. But the Central bank director was mistaken when he boasted that the outflow of foreign investor dollars on those two days was only $10 million. Market data point to a flight of $271 million and an inflow of $182 million.

MICT Figures Show Mexican Crisis 'Direct Impact' on Exports

PY2102132495 Sao Paulo AGENCIA ESTADO in Portuguese 2231 GMT 20 Feb 95

[Report by Carlos Franco]

[FBIS Translated Text] Brasilia, 20 Feb (AE)—In accordance with figures issued by the Brazilian Industry, Commerce, and Tourism Ministry (MICT) for past three

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months, the Mexican crisis has had a direct impact on Brazilian exports to Mexico. Brazilian sales to Mexico in January totaled $52.984 million, 17.46 percent down on January 1994 when Brazilian sales totaled $64.193 million.

This downward trend began in December 1994 following the eruption of the Mexican exchange crisis. Brazilian exports to Mexico in December 1994 totaled $78.837 million, 16.71 percent down on December 1993 when they totaled $94.658 million. In November 1994, one month before the Mexican exchange and economic crisis, Brazilian exports to Mexico totaled $90.388 million, 38.87 percent up on November 1993 when they totalled $65.090 million.

In accordance with the MICT figures, the main Brazilian exports to Mexico come from the automotive sector, including parts. Other leading items are motors and electric generators, paper and cardboard, and pumps and air compressors. Following the slowdown in its purchases, Mexican participation in Brazilian sales is down from 2.58 percent in 1993 to 2.41 percent in 1994.

One main factor that provoked the Mexican crisis was its deficit in current accounts; that is, the total amount in foreign currency that enters and leaves the country, including imports. In light of the crisis, MICT analysts believe Brazilian exports to Mexico will remain reduced for the rest of this year, particularly because the leading Brazilian export items to Mexico are manufactured products—motors and auto parts—which have a high value added content.

Polish President Meets Cardoso in Brasilia, Signs Accords

PY2102005995 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 20 Feb 95

[FBIS Translated Text] President Fernando Henrique Cardoso has received the first official visit of a chief of government since his installation, that of Polish President Lech Walesa. Walesa did not come alone; he brought an entourage of 74 people, including 20 enterpreneurs. This shows how much commercial interest there is between the two countries. This interest has been sealed in a ceremony, in which the Polish commerce ministry exchanged information with the Brazilian Foreign Relations Ministry. President Cardoso hosted a lunch for the Polish president at the Foreign Relations Ministry.

Brazil and Poland have also signed a protocol of intent. It refers to the construction by the Rio Doce Valley company of a terminal at the Gdansk Port, which Brazil plans to use to export iron ore to East Europe. After an official tour of the National Congress and the Federal Supreme Court, the Polish president talked to journalists. Still under the spell of Rio de Janeiro, Walesa commented on the odd feeling he had about Brasilia. He said Brasilia is a city without a spirit.

Cardoso Speaks at Luncheon

PY2102171695 Sao Paulo AGENCIA ESTADO in Portuguese 2328 GMT 20 Feb 95

[Report by Cristiana Lobo]

[FBIS Translated Text] Brasilia, 20 Feb (AE)—During a luncheon he hosted today for Polish President Lech Walesa, Brazilian President Fernando Henrique Cardoso condemned xenophobia and ethnocentricity. He said Brazil and Poland are guided by the forces that today prevail in the world: Democracy and economic freedom.

During his speech, which was filled with praise for Walesa's political action, Cardoso said that, like Poland, Brazil had to pay a social and environmental price for its development "which left out two fundamental elements of the economic process: Man and nature."

Speaking off the cuff, Cardoso said he was in Warsaw in 1980 when the Walesa-led Solidarity Union called its first strike. He said: "Even though I was not allowed to leave Warsaw, I rented a Hertz car and went to Gdansk to listen to the speeches of the union leaders, but I did not understand anything because I do not speak Polish."

After a working meeting between the two presidents, Cardoso said the post-Cold War world is full of challenges and opportunities for Poland and Brazil alike. He said: "While we have reasons to act optimistically, we also have reasons to act prudently." He said the end of the Cold War raised international issues that have opened new prospects for cooperation among states and between each state and society, such as the preservation of the environment and the promotion of human rights.

Cardoso noted that as we approach the 21st century, there are still wars among nations and internal conflicts. He added: "Intransigence, the desire to obtain immediate advantages, and the lack of mutually agreed objectives regarding long-term issues—like inequalities among nations—have provoked tension and disorder which affect both the countries directly involved and the entire international community."

Cardoso added that Brazil will follow with particular interest the Nuclear Nonproliferation Treaty revision conference and the negotiations that could lead to the treaty on the total elimination of nuclear tests. He added that Brazil will continue to develop its internal legislation to reflect its firm commitment to the principles of nonproliferation and to the peaceful use of advanced technology.

Thanking Cardoso, Walesa emphasized the kinship between Poland and Brazil as well as the similarities between the two countries. He mentioned one specific similarity: "We share the same soccer idol." He thus referred to Sports Minister Pele who, to Walesa's disappointment, was not present.

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Walesa spoke about economic opening and the new times. He said: "We have recently witnessed profound changes in the international arena, as though the world is again regrouping its forces before entering the new century, and as though the accounts of the past century are being closed." He added: "The communist downfall in Europe and the collapse of the Soviet empire have caused mankind to face new challenges." He said: "The world has entered a period of transformation designed to create a new global order. We want to believe that this order will be determined by the force of ideas, and not by the force of firepower."

Minister Recommends Investment in Poland

PY2102194595 Sao Paulo AGENCIA ESTADO in Portuguese 2357 GMT 20 Feb 95

[Report by Isabel Dias de Aguiar]

[FBIS Translated Text] Sao Paulo, 20 Feb (AE)—Poland is the largest country in central Europe. It is the only country that has been registering sustained growth for three consecutive years. In 1994 its Gross Domestic Product (GDP) grew by 5 percent, the greatest economic expansion in Europe that year. Industrial investments doubled last year, which made industrial activity increase by 12 percent in comparison with 1993.

These figures were presented today in Sao Paulo by Polish Foreign Economic Cooperation Minister Andrzey Byrt during a meeting with businessmen from the Sao Paulo State Federation of Industries (FIESP).

Byrt heads a Polish trade mission made up of 30 businessmen and public company managers that is accompanying Polish President Lech Walesa on his official visit to Brazil. The Polish Government is interested in reinforcing trade relations with Brazil and wishes to consolidate an image of a vanguard country in a process of integration with the international economy.

Poland, according to Byrt, has signed the Uruguay Round of the GATT talks, and is the first country from the former communist bloc to become a member of the World Trade Organization. Poland has singular characteristics: Its population is highly educated, it speaks a single language, and it has no ethnic conflicts. It should be assessed in a different manner from the rest of the eastern European countries.

The objective of this mission is to demonstrate that Poland, which has a $4 billion debt with Brazil, has become attractive for investment. This is why it wishes to attract Brazilian investors to participate in infrastructure construction there. "Political ties will be strengthened only through an increase in trade relations," Byrt said.

Projects

The Polish Government needs foreign resources to invest in projects that are similar to those in Brazil. Poland wants to build a gas pipeline from Siberia to bring energy to its industries. It intends to install an oil refinery budgeted at $1.5 billion and to build a 2,600 km long highway. For this, it needs capital and experience, which it thinks it can find in Brazil.

The Polish businessmen today had lunch with FIESP leaders. According to Polish Industry Ministry Edward Nowak, his country is a perfect place for a union between the vast western European market and the East. Nowak recalls that there are $200 billion worth of international savings that should be invested in areas where there are low risks and high profit prospects. That is what Poland offers, he said. Based on these figures, nearly $2 billion should be invested in his country in 1995.

Visiting Mexican Opposition Leader Munoz Meets Cardoso

PY2102134595 Sao Paulo AGENCIA ESTADO in Portuguese 2250 GMT 20 Feb 95

[Report by Itamar Garcez]

[FBIS Translated Text] Brasilia, 20 Feb (AE)—Porfirio Munoz Ledo, the main Mexican opposition leader, said today that Brazil is least vulnerable among Latin American countries to a financial crisis like that affecting Mexico. Munoz, the president of the Mexican opposition Democratic Revolution Party, today spoke for an hour and a half with President Fernando Henrique Cardoso at Planalto Palace. He said: "Brazil is not so vulnerable, but Argentina is."

The Mexican politician, a friend of President Cardoso, is a senator and political sciences professor. He believes Brazil "has a stable growth rate and has a strong primary economy." He praised his host: "He will play an important role in Latin America." During the audience they spoke of Mexican internal problems. Munoz believes there is a real possibility of a coup d'etat in his country. "We must avoid a coup," he said without adding details.

Munoz believes Brazil, the United States, and other countries preparing financial aid for Mexico are not helping the Mexican government. "They are not helping Mexico; they are helping national and foreign investors." He believes the neoliberal model prevailing in the world economy following the downfall of the Communist regimes of Eastern Europe is mainly responsible for the crisis in Mexico. "The poor countries are paying for the end of the Cold War."

He said: "The United States is artificially protecting the international monetary system." Without giving further details of his long conversation with President Cardoso, he urged the end of the transfer of resources from developing countries to developed ones. This happens through the growth of foreign debts," he said. [no opening quotation marks as received] He added: "This is an unfair and ineffective model. It is absurd to continue to give money to the first world."

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Porfirio Munoz criticized former Mexican President Carlos Salinas. "He gave oxygen to the economy and took it away from politics." Munoz expressed enthusiasm over the growth of parties that oppose President Ernesto Zedillo, who is from the PRI [Institutional Revolutionary Party] a party that for the past 50 years has controlled Mexican politics. Beside Fernando Henrique Cardoso he met with Deputy Luiz Henrique (Santa Catarina), president of the Brazilian Democratic Movement Party], PT [Labor Party] President Luis Inacio Lula da Silva, former governor Leonel Brizola, and Senator Darcy Ribeiro (PDT-RJ) [Democratic Labor Party - Rio de Janeiro].

Chile

Deputies To Explain Grapes Case to U.S. Congressmen

PY2302215095 Santiago ESTRATEGIA in Spanish 27 Jan 95 p 6

[FBIS Translated Excerpt] The deputies who are members of the commission investigating the grapes case reported yesterday that a Chamber of Deputies delegation will leave for the United States in February to strengthen the Chilean position in this case before U.S. congressmen, and to ask them to adopt concrete measures toward reaching a satisfactory solution.

Juan Carlos Latorre, president of the commission, said: "We want to put our case to U.S. congressmen. We believe there are many elements that could make the U.S. congressmen see that there is here a just cause that cannot be resolved definitively because of a ruling of this nature, which prevents the issue from being fully learned about." [passage omitted]

The members of the commission explained that the Foreign Ministry is aware of the trip, and that they will ask for the support of the Chilean Embassy in Washington to consolidate the contemplated meetings with U.S. congressmen.

The following congressmen are scheduled to travel: Felipe Letelier (Party for Democracy]; Claudio Rodriguez (National Renewal); Armando Arancibia (Socialist Party); Patricio Melero (Independent Democratic Union); and Juan Carlos Latorre (Christian Democratic Party).

Arbitration Court To Review Ruling on Laguna del Desierto

PY2402024595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 24 Feb 95

[FBIS Translated Text] The Arbitration Court that ruled on the conflict over Laguna del Desierto has agreed to study the request submitted by Chile for a review of that ruling. Argentina will now have three months to analyze the Chilean Government's claim. Here we have a report by our special correspondent Arturo Harlem from Rio de Janeiro.

[Harlem] The answer to the request that Chile submitted to the Arbitration Court to try to modify the ruling on Laguna del Desierto was postponed until 24 July. At midday today the president of this court, Colombian jurist Rafael Nieto, issued a press communique stating that until that date Argentina will study Chile's claim, which will subsequently be analyzed by Chile once again.

[Begin recording] [Nieto] This means that the Court will study Chile's request. In order to do so it will first listen to the Argentines, and then to the rejoinder, and then to the replications by Chile and Argentina respectively.

[Harlem] In sum, when do you think the Court will pronounce judgment on this request?

[Nieto] I do not know. The Court's next session is slated for the end of July, i.e. after all the documents are submitted. I do not know whether at that time the Court will issue a ruling on this request or will postpone it for further consideration. So I cannot give you any definite date, but the next sitting is scheduled to be on 24 July. [end recording]

[Harlem] Delegates from the Chilean and Argentine Consulates came today to the Inter-American Legal Committee headquarters, where the Arbitration Court conducts its sessions, to learn about this decision, which was made following three days of deliberations. Nieto explained that he could not say for sure that a definitive solution to Chile's claim would be made on 24 July. Let us recall that Chile seeks to substantially modify the 21 October ruling that awarded Argentina sovereignty over Laguna del Desierto. Chile is basing its claim on the fact that the ruling was not fair, as there are records of Chilean colonization of that area and the demarcation has to be done in an area where glaciers are in constant movement, which prevents the establishment of a clear boundary. The court also ordered the suspension of all the demarcation work that is currently taking place in Laguna del Desierto, until the revision request filed by Chile is definitively settled. From Rio de Janeiro, this is Arturo Harlem for "24 Horas."

CUT Decides To Rejoin Productive Development Forum

PY2302212795 Santiago ESTRATEGIA in Spanish 25 Jan 95 p 6

[FBIS Translated Excerpt] The Executive Council of the United Workers Confederation, CUT, yesterday agreed to once again join the tripartite commissions, specifically the Productive Development Forum and the forums that will analyze the negotiations concerning international treaties. This report was released by CUT President Manuel Bustos. [passage omitted]

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He said: "We are not in agreement with NAFTA, but we must participate in the discussions on social and labor issues. We must even agree in some areas with businessmen, especially concerning agriculture or possibly concerning other matters."

Concerning Mercosur [Common Market of the South], Manuel Bustos said that CUT sees it with greater interest because this organization has shown significant concern over the social issue.

Colombia

FENALCO President Explains Communique To U.S. Envoy

PA2302161695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 23 Feb 95

[Telephone interview with Dr. Sabas Pretelt de la Vega, president of National Federation of Businessmen, Fenalco, by Dario Arizmendi; from the "Caracol's 0600 to 0900" newscast—live relay]

[FBIS Translated Text] [Arizmendi] Many business associations yesterday sent in the name of the National Union Council a communique to the U.S. ambassador to Colombia, Myles Frechette. Good morning, Fenalco President Dr. Sabas Pretelt de la Vega.

[Pretelt] Good morning, Dario.

[Arizmendi] Why the communique to the U.S. ambassador in Colombia?

[Pretelt] We wanted to inform the ambassador that the true Colombia, the Colombia of entrepreneurs, workers, taxi drivers, peasants, is comprised of those who are developing this country; they are good people, people who earn their living honestly. Obviously we have problems with a group of people who operate outside the law, but this does not mean that the entire country should be labeled as an accomplice to drug trafficking. On the contrary, Colombia is a country dedicated to making an honest living and if the United States understands this, then obviously Colombia cannot be disqualified. Colombia wants to continue being a development partner of the United States; we are trading partners, our trading relations are excellent. If the United States sees Colombia in that light and supports it, then crop substitutes can even be developed; however, if Colombia's trade is blocked then what alternatives will be available to those people who will be required to change their work.

[Arizmendi] But can this communique, Dr. Sabas Pretelt, be interpreted as support by the National Federation of Businessmen for President Samper's administration in the fight against drug trafficking? Or is it to defend the particular interests of Colombian businessmen so that the deterioration of relations not affect trade between the United States and Colombia?

[Pretelt] I think it is quite clear that our position is to point out that the entire country, not just union interests, but the great working majority in this country are honest. The president is waging a serious war against crime in Colombia, and we are rallying around him and the good people are rallying around the government in its struggle against drug trafficking. We know that much more can be done the same way that much more can also be done in the streets of New York to fight consumption and to fight the U.S. mafia. All Colombians are willing to have a clean and honest country.

Colombia Listed in Amnesty International Report

PA2302211095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 20 Feb 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Colombia today is lamenting a new massacre. Five peasants were murdered today in Aguachica, Cesar Department, the latest in a series of massacres still without a solution in that municipality. The authorities have not said yet who could be responsible for this action.

Amnesty International yesterday pointed to Colombia as one of the world's six black sheep. In a report published in 110 countries and 40 different languages, Colombia is pointed to as a bad example to the world, alongside Iraq, Sri Lanka, Zimbabwe, Turkey, and Morocco.

The issues this time were forced vanishings and the assassinations of people by state security forces and the utilization of intelligence services to cover up these crimes. According to Amnesty International, Colombia is one of the world's countries with the largest number of forced vanishings and illegal assassinations.

This nongovernment organization [NGO], in its latest report, dedicates Chapter 3, entitled "Colombia: Strategy for Eluding Responsibilities," to describe how forced vanishings and illegal executions have spread in our country since 1978, with the creation of the so-called death squads and paramilitary groups shielded by the Armed Forces, and how the number of political prisoners began to diminish.

This chapter explains how impunity is the result not only of the inefficiency of Colombia's justice system but also of the strategy used by the Armed Forces to stop legal processes in which they are involved.

The chapter criticizes the fact that Colombia's Penal Code does not include these crimes. It affirms the government is now beginning to acknowledge facts and admit fault after first having denied this situation.

The Amnesty International chapter concludes by stating the idea is for the international community to realize the true nature of political violence in Colombia.

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Because of reports such as this by Amnesty International, which has tremendous dissemination and exerts much political influence in the world, Colombia's NGO's fail to receive aid every day.

The Medellin Chamber of Commerce has sent a letter to the U.S. ambassador to Colombia. The letter refers to the DEA report on the influence of drug trafficking money on Colombia's economy and the dependency of certain cities, including Medellin, on drug trafficking money.

These reports, apparently, also have influence on European countries that have traditionally financed and backed community projects of Antioquia's NGO:

[Begin Edgar Gutierrez Castro recording] Generally speaking, I would say the situation is quite difficult. We have had to exert a big effort in keeping channels of communication open and transferring resources from private and government sources. [end recording]

According to the report sent to Antioquia's NGO, conditions for financing NGO projects call for the government demonstrating real interest in defending human rights and carrying out an effective struggle against drug trafficking.

Oil Pipeline Dynamited; ELN Reportedly Behind Attack

PA2402043495 Mexico City NOTIMEX in Spanish 0131 GMT 24 Feb 95

[FBIS Translated Text] Santa Fe de Bogota, 23 Feb (NOTIMEX)—The Colombia pipeline, the second largest in the country, was dynamited today by alleged guerrillas, according to sources of the Colombian Petroleum Enterprise (Ecopetrol).

The sources stated that the attack caused the suspension of pumping operations and the spill of some 10,000 barrels of petroleum, which contaminated the waters of the Ite River.

Ecopetrol has blamed the Army of National Liberation [(ELN] guerrilla group and said that the attack took place in Remedios Municipality, Antioquia Department, about 250 km northwest of Santa Fe de Bogota.

The affected pipeline transports petroleum produced in the Cusiana oil fields—the largest in the country—with reserves estimated at approximately 1.5 billion barrels.

However, the sources concluded that production will continue, given the good storage capacity of the installations.

Report Notes Government-FARC Agreements, Disagreements

PA2302161295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 22 Feb 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] From the first public disclosures by the government and the FARC [Revolutionary Armed Forces of Colombia], it can be concluded they agree on more issues than they disagree.

Agreements. The geographical area of the negotiations will be limited. The government, in addition to La Uribe and Meta, has proposed Santa Ana in Colombia Municipality, Huila Department, and Villalobos in Santa Rosa, Cauca Department. Travel will be guaranteed for the guerrillas. Helicopters will be available to transport the guerrilla leaders. Demilitarization will take place once the site of the meeting is decided.

Differences. While the government has left the so-called red telephone open, the guerrillas have dismissed its use for the time being. The FARC has proposed 60 days for the first part of the process, to be used in the following manner: 30 days for the verification of the military withdrawal; 15 days for the negotiators to travel; five days to agree on the agenda of the negotiations; and 10 days to evacuate the guerrillas to their areas.

Meanwhile, the government has proposed 30 days to carry out this process, but the most marked difference, according to Peace Commissioner Carlos Holmes Trujillo, is that the guerrillas have broken the secrecy of the negotiations:

[Begin Holmes recording] I believe they are making a mistake. Every political negotiations process that has ended successfully proves the advantage of confidentiality. [end recording]

Nevertheless, the possibility has not been dismissed that the news media may be present during the first day of the meeting.

Ecuador

Deputy Minister: Toxic Gases Not of U.S. Origin

PA2302194595 Quito Voz de los Andes in Spanish 1700 GMT 23 Feb 95

[FBIS Translated Text] Quito—Ecuadoran Deputy Foreign Minister Marcelo Fernandez Cordoba today ruled out the possibility that the chemical weapons that the Ecuadoran authorities say Peru is using in the armed conflict with Ecuador are of U.S. origin.

Fernandez Cordoba, who on 17 February signed on behalf of Ecuador the cease-fire agreement that Quito claims Peru is violating, said that the chemical products that the United States donated to the Lima Government for its struggle against drug trafficking are different from those being used in the strip of underdileneated region of the Amazon where the conflict exploded on 26 January.

Fernandez Cordoba said: As far as I know, the United States gave Peru different chemical products, products which destroy coca plantations but do not affect people. Consequently, I believe that the weapons being used by

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the Peruvian troops are of another type. Fernandez Cordoba admitted that he did not know the type of chemical weapons which Ecuador claims the Peruvian Army is using in the area of conflict, but for them to be used in an armed conflict for the purpose of killing, they must be another type of weapon and not those provided by the United States.

Larreategui Comments on Diplomatic Efforts

PA2402025995 Quito Radio Quito in Spanish 2347 GMT 23 Feb 95

[News conference by Dr. Carlos Larreategui, secretary general of public administration, with unidentified reporters at the Press Room of the Carondelet Palace in Quito; broadcast in progress—live]

[FBIS Translated Text] [Larreategui] ...carried out today by the president of the republic with regard to the territorial conflict.

The principal actions, in addition of course to the intense military actions being taken to defend our posts, were aimed at denouncing before the international community the flagrant violation of the peace agreement signed by Ecuador and Peru in Itamaraty.

Ecuador, through the appropriate diplomatic channels, has contacted the guarantor countries of the Rio de Janeiro Protocol and has given the necessary instructions to explain Ecuador's position at the OAS Permanent Council.

As you all know, this is going on in the city of Washington under the leadership of Ecuadoran Ambassador Blasco Penaherrera in accordance with the instructions of the president of the republic.

As for the meeting held by the OAS Permanent Council, even though it is mainly to inform, it could lead to the adoption of a resolution, and Ecuador hopes this will happen.

We are exhausting and will continue to exhaust all diplomatic mechanisms, especially those OAS efforts aimed at supporting the actions that must be taken by the guarantor countries. These are actions that are part of the commitment assumed by these countries in the Itamaraty peace agreement, therefore the efforts before the OAS must be understood as an effort to support those of the guarantor contries to attain peace.

We, of course, are warning about a series of dilatory tactics by Peru. These are dilatory tactics that perfectly fit this strategy that has been revealed before the world. Peru is trying to gain time to take possession of the Ecuadoran bases in view of the serious political problems faced by the Peruvian president.

The Itamaraty peace agreement states that the observer mission will install operation centers at the points considered of greatest tension such as Tihuinza and Base Sur. Peru hopes to gain time to gain possession of these lands and detachments before the arrival of the observers to install the operation centers. The country is firmly resisting and will continue resisting. It has full control of the aforementioned posts and detachments, and we are going to dedicate all our energies, our strength, and our determination to defend Ecuadoran territories and detachments.

This is the information we have for you and for all citizens. I am now ready to answer any questions or concerns you may have regarding the different topics.

[Reporter] [Words indistinct] former Presidents Leon Febres Cordero, Rodrigo Borja would personally visit the presidents of the guarantor countries to denounce the violation of the cease-fire.

[Larreategui] We have been receiving the support and listening to the opinions of the former presidents. We believe their participation is valuable and patriotic. It is definitely a necessary support for the work being done by the Ecuadoran Government. [words indistinct] to the guarantor countries.

[Reporter] [Words indistinct]

[Larreategui] [words indistinct] by the Defense Ministry. [words indistinct] in information given earlier and there have been no further military actions. The military front, however, will give clear information on what is happening at the border.

[Reporter] It is said that the OAS has proposed the need to embargo both countries' weapons. How does Ecuador view such a possibility?

[Larreategui] I would not like to make a pronouncement in this respect. The report on the OAS meeting—I also take the opportunity of announcing this now—once it is over, will be presented by the Foreign Ministry. At that time, we will give an ample and comprehensive report and will also give our points of view on the statements and pronouncements made at the OAS. This will be done once the meeting ends. If the meeting ends at a reasonable time, the evaluation will be made today, and if not, tomorrow.

[Reporter] Dr. Larreategui, you have said that a resolution could be issued by the OAS Permanent Council. Will Ecuador present an initiative in favor of a solution to the conflict through the OAS?

[Larreategui] Well, we are going through all those options. As I said, this meeting is basically informative in nature. Normally, resolutions are not adopted in this type of meeting. However, several delegates, several ambassadors—and this has been broadcast by several television stations—have talked about the possibility of reaching a resolution.

We hope this can be done, although in principle, as I stated, it is only a meeting to inform. What is clear is that this is a first step in a number of efforts we will have to undertake [words indistinct] to support the actions the

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guarantors can implement. The [words indistinct] that there are resolutions that could be taken by the OAS and that they are practical resolutions that could give immediate and objective results. Thus, this is our course, and we will cover all the necessary instances and arguments. Ecuador is covering all those instances basically because it is telling the truth. It does not hide anything. It wants to call all the international organizations so they will insist on compliance with this peace agreement and insist in their visiting the area to actually see the situation on site. The conclusion will be categorical: Peru's flagrant, outrageous violation of an agreement that was signed in alleged seriousness [words indistinct] the international commitments.

[Reporter] The OAS secretary general has said that he does not reject the possibility of proposing that the OAS take certain types of measures. Ambassador Blasco Penaherrera has even mentioned that the measures that could be taken or that Ecuador requests that the OAS take include that the OAS plenary meet to debate the issue or that, as Ambassador Penaherrera stated, the two presidents solve this problem. In the Ecuadoran Government's opinion, which is the solution, proposal, or possibility that would be most advantageous to Ecuador? Since we are talking about the OAS meeting currently being held in Washington, what possibility would be most desirable for Ecuador or what would Ecuador most want to happen at the OAS?

[Larreategui] It is clear and I insist on this because it is a very important issue and Ecuador's efforts at the OAS have to be understood from this perspective. Ecuador believes that the guarantor countries are the first option. They are the ones that have to implement the peace agreement and have to act immediately. Of course, the guarantor countries have already talked about military observers going to the area on 9 March to further the demobilization and demilitarization process. This is not realistic. The observers cannot delay their mission by so much while there are military clashes, deaths, and serious events at the border area. It is necessary that they come immediately. The guarantor countries are the first option. The OAS is there for support, endorsement, and reinforcement of the measure the guarantor countries must implement. I say must because they made this commitment in the peace agreement. The peace agreement is between the two countries within the framework of the program of the guarantor countries. In that agreement, the four countries also have obligations.

[Reporter] Regarding the arrival of the observers, it was reported that they could arrive in our country before the stipulated date. Do we know something on this? Have the guarantor countries replied [words indistinct]?

[Larreategui] We do not want to comment on this. However, as soon as we have precise information on this, we will immediately report it here in Equador. However, Ecuador's stance is the only sensible, necessary stance in the current circumstances. The guarantor countries have to understand that it is indispensable to have their immediate presence in the area to implement the peace agreement, to cease hostilities, and to stop this criminal aggression against Ecuador.

[Reporter] Doctor, how can we ask guarantor countries to [word indistinct] the arrival of observers because [words indistinct]?

[Larreategui] The negotiations we have been carrying out and the steps taken by the president of the republic, the explanation of the situation in the field, the evidence that Peru has violated the accord in the face of that political objective of a president before voters, have somehow made the picture clear to the guarantor countries. We hope this will help them adopt a solution to advance the presence of military observers for the strict enforcement of the cease-fire and the peace accord.

[Reporter] Dr. Larreategui, the UN secretary general and the world organization are ready to help both countries. Has the government discussed this interest expressed by the UN secretary general?

[Larreategui] If in fact the United Nations is an organ to which which Ecuador may appeal, we have focused our efforts on the OAS without disregarding the primary group, namely the guarantor countries. If events warrant, we may resort to the United Nations. However, we believe that through the OAS, with the power and continental representation this organization has, we will be able to resolve this conflict by supporting the guarantor countries.

[Reporter] We have seen that Peru has repeatedly rejected Ecuador's efforts to bring this matter into diplomatic fields outside of the guarantor countries' jurisdiction. Peru has always favored maintaining this discussion at the level of the four guarantor countries. Shouldn't we launch a diplomatic offensive in this regard and present this matter to other institutions, at a time when the United Nations has made a proposal and the OAS, led by Gaviria, has said it is necessary that we launch an offensive?

[Larreategui] I think that Ecuador's diplomatic offensive cannot be more intense, more immediate, and more timely. That is precisely the point of resorting to the OAS: to reinforce the actions of the guarantor countries. Peru has generally expressed a series of views in an attempt to gain time and delay things, given the political military strategy guiding its actions. But we have not wasted one second. We are reacting with urgency.

Today, we convened the Permanent Council of the OAS. This was done thanks to Ecuador. Therefore, we are moving along the path of diplomacy. We will continue to work along these aggressive lines and will not stop our efforts to present this matter to all organizations and report to the world and the international community this cease-fire violation and this lack of responsibility on the part of Peru for its international commitment.

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[Reporter] [words indistinct] to convince the United States that they must take action [words indistinct]?

[Larreategui] [words indistinct] with each and every guarantor country. The explanations, actions, and steps we have taken are intended to inform these countries so their actions can be more decisive and, above all, more timely regarding the issue of observers in the area of conflict. We believe this is yielding results. We believe our efforts have been positive. We believe the guarantor countries have understood the drama at the border because of this ambitious vision of the policy of a president who has [words indistinct] international law, like we said in the case of the peace accord, due to his selfish political interests.

We believe this will yield results and the guarantor countries will act, as will the countries of the continent through the OAS.

[Reporter] If there is a commitment of guarantor countries in the field of international relations and diplomacy, can't Ecuador exert pressure so they can show up immediately at the conflict area?

[Larreategui] This is what we are doing. We are trying to request, through all diplomatic channels, the immediate presence of observers. A few moments ago I said we have exhausted all possible diplomatic channels. I believe Ecuador's diplomatic offensive has been extraordinary. We have not wasted one moment, and I think these efforts will yield results and they will become evident shortly.

[Reporter] Mr. Secretary, [words indistinct] Ecuador is trying to report before the international community that [words indistinct] president's trip to Denmark, or he delegated it to the vice president, so he can take advantage of that presidential meeting to report this situation?

[Larreategui] Listen, I commented on this yesterday. The president [words indistinct] official trip, which for now has been neither confirmed nor canceled. This will depend upon the circumstances. In response to the question on whether the territorial conflict is the national priority, you should know this is our number one priority. The president will decide whether he will travel or not to those countries based on the situation of the conflict. This is for now [words indistinct] as I said regarding other important processes that were scheduled. I mentioned the popular consultation and others.

Observers Visit Front; Clashes Continued 21 Feb

PA2302200695 Quito Voz de los Andes in Spanish 1700 GMT 23 Feb 95

[FBIS Translated Text] A team of international observers attempted to confirm the fulfillment of the peace agreement signed by both Ecuador and Peru, but instead they encountered charges that the Peruvian soldiers are now using toxic gases and heard renewed accusations of cease-fire violations. Brazilian General Angel Pereira de Fonseca said that instead of an improvement of the situation since a peace document was signed six days ago the armed conflict is becoming more complicated. Pereira de Fonseca is the head of the advance delegation of observers, not of the definitive mission that will oversee the cessation of hostilities, which has already been broken.

The latest communique from Ecuador reports that on Tuesday [21 February] Ecuadoran troops fought along the entire Cenepa Valley front against many Peruvian soldiers, who even used toxic gases and flamethrowers against the Ecuadoran patrols. This took place after Pereira de Fonseca and the other international observers left the area close to the upper Cenepa River, although the advance observers had managed to hear Peruvian mortar and machinegun fire a short time before.

Two weeks ago General Richilieu Levoyer, head of the military operations during the conflict between his country and Peru, charged that the Peruvian Army had been using toxic gases for the past several days, but at the time these charges were not confirmed.

The advance observers precede a definitive mission from Argentina, Brazil, Chile, and the United States, the four guarantor countries of the agreement which set the boundaries between Ecuador and Peru back in 1942. The definitive mission should arrive between 6 and 9 March. However, according to Ecuadoran Foreign Minister Galo Leoro Franco, in the past few hours Ecuador made an urgent appeal for this deadline to be moved up.

Government Communique Reports on Latest Incidents

PA2302191495 Quito Voz de los Andes in Spanish 1700 GMT 23 Feb 95

[FBIS Translated Excerpt] Quito—Military sources have reported that some 13 Ecuadoran soldiers were killed and 15 were wounded as armed clashes between Peru and Ecuador resumed in spite of an existing cease-fire agreement. A ranking Ecuadoran Army officer said that on Wednesday [22 February] Peru launched the largest attack ever since the hostilities between the two Andean countries began. [passage omitted]

Ecuadoran Defense Minister Jose Gallardo accused Peru of taking advantage of the cease-fire agreement to launch a new large-scale offensive against Ecuadoran positions in the disputed border area. [passage omitted]

A communique from the Social Communications National Secretariat says that the armed clashes have spread all along the source of the Cenepa River and that they continued early last night. According to the communique, the number of Ecuadoran casualties could not be confirmed, but the Condor Jungle Brigade reported that dozens of wounded and mutilated Peruvian soldiers were being withdrawn from the battlefront. The communique added that some of the Peruvian casualties were caused by the minefields placed along the front lines.

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The communique stresses that Ecuadoran defenses are intact and that the soldiers on the front lines have been replaced.

Communique Updates Casualty Count, Calls For National Unity

PA2302231095 Quito Radio Quito in Spanish 2202 GMT 23 Feb 95

[Communique issued by Joint Command of the Armed Forces; date and place not given]

[FBIS Translated Text] The ill-intentioned manner in which Peru has handled the conflict has led to its boycott yesterday of the guarantor countries observers' actions. The observers, complying with their mission, had to visit the conflict zone and initiate the peace process stipulated in the Itamaraty Declaration.

The offensive started with artillery and mortar fire at 0430 yesterday morning. It showed Peru's premeditation and treason, which were evident from the day the peace declaration itself was signed. Peru shielded itself with this declaration so as to regroup its forces and infiltrate patrols in areas that, due to their topography, did not allow our forces to effectively detect them.

The joint command, through its official bulletins, has been permanently denouncing Peru's intentions. Those intentions were confirmed yesterday, in the presence of the observers who were at the Coangos military detachment and who will report those events.

The Peruvian attacks concentrated mainly on Tihuinza. The attacks were repelled by our soldiers with the bravery and patriotism they have shown throughout the entire conflict. This refutes the victories that the Peruvian Government has hastened to announce and publicize but which it has never achieved.

We regret to report that the combat has resulted in the death of 13 fellow citizens who offered their lives to defend the land that belongs to us by patrimony and right.

The joint command of the Armed Forces again calls for national unity so that, together and led by the national flag, the nation can take up arms to defend the country's sovereignty and continue to reject the wicked intentions of the southern aggressor as it has done up to now, with dignity and honor and having truth and justice on our side.

Senacom Reports Practically 'No Clashes' at Border

PA2402043595 Madrid EFE in Spanish 0214 GMT 24 Feb 95

[FBIS Translated Text] Quito, 23 Feb (EFE)—The Ecuadoran-Peruvian border practically saw no clashes, the State Communications National Secretariat (Senacom) stated in a 20-word communique.

"The Joint Command of the Armed Forces informed at 2030 hours (0130 GMT Friday) that there were practically no military actions to report," the Senacom communique stated.

The report sharply contrasted with the abundant military information released in Ecuador yesterday with statements by military officers and at least two bulletins saying the Peruvian forces initiated the most important offensive since the military conflict began on 26 January, even using chemical weapons.

It is the first time the Senacom has provided the results of military actions, because the Joint Command of the Ecuadoran Armed Forces used to draft its reports at the Defense Ministry and then provided copies to reporters at the Carondelet Palace.

At 1700 GMT today, the Joint Command returned to its usual procedure and reported that 12 of its soldiers were killed on Wednesday, a figure practically similar to the 13 casualties the Ecuadoran Army sustained between 26 January and 17 February, when the countries involved in the conflict signed a cease-fire agreement along with the four guarantor countries (Argentina, Brazil, Chile, and the United States).

The information that there has "practically been no military action" was received with relief by radio and television stations, which had reported that Chilean Foreign Minister Jose Miguel Insulza said in his country that today for the first time "there was artillery fire in two areas of the Ecuadoran-Peruvian border," adding that he would "not say who fired the shots."

Peru

Guarantor Countries Advance Mission Arrives in Piura

PY2302161395 Lima Radio Programas del Peru Network in Spanish 1540 GMT 23 Feb 95

[Live relay from Piura by Carlos Tume Zeta]

[FBIS Translated Text] A mission of observers headed by Brigadier General Ariel Pereira da Fonseca, has just arrived at the Turista Hotel in Piura.

Security measures are very strict, but Piura inhabitants have gathered in front of the hotel. Representatives of various sectors of the media are closely covering this arrival.

During an impromptu news conference, Gen. Ariel Pereira da Fonseca spoke of the guarantor country's desire for a peaceful solution.

The observers will soon meet with the Piura military leaders and with the ambassadors who arrived here yesterday.

Advance Mission Head: Observers To Arrive 8 Mar

PY2402014495 Lima Radio Programas del Peru Network in Spanish 2313 GMT 23 Feb 95

[Live telephone relay by correspondent Enrique Vidal from Piura]

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[FBIS Translated Text] The reconnaissance group of the observers from the guarantor countries of the Rio de Janeiro Protocol will be in Bagua at 1000 on 24 February. From there they will travel by helicopter to Watch Post One. This information was confirmed by the head of the group, Brazilian General Ariel Pereira da Fonseca. In a news conference held in the Turista Hotel in Piura, General Pereira da Fonseca said that the observers of the guarantor countries will arrive on 8 March, that 25 representatives will go to Ecuador, and that the other 25 will go to Peru. Pereira da Fonseca said that the points chosen for the visit are Tihuinza, Base Sur, and Cueva de los Tayos. This is a fragment of the news conference:

[Begin recording] [Pereira da Fonseca] The group of 50 observers from the four guarantor countries will arrive on 8 March.

[Unidentified reporter] Where are they going?

[Pereira da Fonseca] Half of them will go to Peru and the other half to Ecuador. The support groups established in each country will go to the center of operations which is located in the conflict zone in order to implement the demilitarization of the area. [end recording]

Gen. Pereira da Fonseca is accompanied by Peruvian General Daniel Mora Zevallos.

[Begin recording] [Pereira da Fonseca, in progress] ...whether at Tihuinza, Base Sur, Cueva de los Tayos, or wherever it is possible, either at bases that are currently in the hands of Peru or of Ecuador. [end recording]

The Brazilian general admitted the nonobservance of the cease-fire but did not specify which country had violated the peace agreement. He only confirmed that in Coangos, an Ecuadoran base, he had heard shorts and artillery fire yesterday, but he did not know whose troops had fired the shots.

The leader of the advance group of the guarantor countries was meeting this afternoon with Ambassadors Alvin Adams of the United States, Luis Carlos Coutinho of Brazil, Carlos Martinez Sotomayor of Chile, and Arturo Ossorio Arana of Argentina.

Detachment of 500 Antisubversive Troops Deployed to Front

PY2302235195 Lima Radio Programas del Peru Network in Spanish 2309 GMT 23 Feb 95

[Live telephone relay by correspondent Ramon Amaringo in Tarapoto to announcer Alvaro Ugaz in Lima]

[FBIS Translated Text] [Amaringo] A new detachment from the antisubversive battalion of the Huallaga Front left this morning for the El Milagro military base in Bagua. This information was confirmed by General Alfredo Rodriguez Riveros, commander of the Leoncio Prado Detachment. He said more than 3,000 men from the Huallaga Front have already been sent to the conflict zone. He added that so far three soldiers from the Leoncio Prado Detachment have been killed.

[Ugaz] Do you know how many soldiers have been deployed to the El Milagro military base?

[Amaringo] Approximately 500 men have been deployed since early this morning. The Huallaga Front under the command of Gen. Rodriguez has therefore already sent over 3,000 men to the front. The Huallaga Front's jurisdiction includes the San Martin and Huanuco Departments.

Elite Air Force Unit To Back 'Counteroffensive'

PY2402010295 Lima Radio Programas del Peru Network in Spanish 2319 GMT 23 Feb 95

[Live telephone relay by correspondent Ismael Byron Horna from the El Valor airport in Bagua]

[FBIS Translated Text] This is a report from the El Valor airport located in the Utcubamba valley in Amazonas Department. An elite commando unit of the Peruvian Air Force, known as a group of special forces, arrived here today to be deployed to the conflict zone. They are to support the Peruvian Army troops that in their third day of operations to clear the Peruvian jungle are unleashing a ferocious counteroffensive between the sectors of Tihuinza and Base Sur.

Two Antonov airplanes also arrived at this airport, bringing artillery and ground-to-air rocket launchers to reinforce the defense in case of an Ecuadoran air attack. The Army and Air Force radars are on the alert, watching the Peruvian skies in case Ecuadoran airplanes try to support their troops dispersed in our jungle.

We have also been informed here that search teams will be organized tomorrow based on information received from two pilots from the missing Mi-8 gunship, who were found alive and taken to Watch Post One. The search will be made to find the other crew members. The Tiger, Jackal, and Depredador Commandos that participated in the eviction of Ecuadoran forces will also join the search operation. These commandos were very happy to learn that the crew members of the missing helicopter, who gave them air support, are alive. They will comb the area in support of the reconnaissance teams to find their colleagues.

Chief of Advance Military Delegation Briefs Press

PY2302202695 Lima Radio Programas del Peru Network in Spanish 1955 GMT 23 Feb 95

[FBIS Translated Text] Ariel Pereira da Fonseca, chief of the advance delegation of the guarantor countries, expressed today his confidence in finding a final solution to the Peruvian-Ecuadoran conflict.

He also announced that he would recommend to the mission of observers a simultaneous visit to Peru and Ecuador on 8 March. He added that the recent clashes in the conflict zone are a real violation of the cease-fire. The

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head of the group of military observers made this comment during a news conference held in the Turista Hotel in Piura today.

Failure of Russian Helicopters in Border Conflict Noted

PY2302114095 Madrid EFE in Spanish 1637 GMT 19 Feb 95

[FBIS Translated Text] Santiago, 19 Feb (EFE)—A Chilean magazine has reported that the Russian helicopters used by the Peruvian Army have been "a complete failure" in the border conflict with Ecuador in the Condor Mountains.

The magazine HOY, which will be released tomorrow, 20 February, states that the border conflict between Ecuador and Peru "has clarified a great mystery for the Chilean Armed Forces concerning the Peruvian war capacity."

Doubt was removed concerning the "capacity of the helicopter gunships" owned by the Peruvian Army, specifically the Russian MI helicopters.

Without citing sources, HOY reports that the helicopter gunships of the former Soviet Union "failed and were a complete disaster," because the theater of operations—the tropical jungle—"is not suitable for this type of helicopter."

The magazine adds: "Another of the evaluations... concerns the capacity and training of the Peruvian Army," the main experience of which stems from combat in the Andean mountains with Shining Path guerrillas.

According to HOY, the Peruvian troops "demonstrated very little experience in jungle combat."

Chile and Peru share a border of 175 kilometers in the rugged Atacama desert, an "ideal" scenario for tank combat with the support of helicopter gunships, according to military experts.

Fujimori Signs Cumana Declaration at Government Palace

PY2302123795 Lima EL COMERCIO in Spanish 11 Feb 95 p A6

[FBIS Translated Text] On the morning of 10 February, President Alberto Fujimori signed the so-called "Cumana Declaration" which contains the agreements reached during the summit of Bolivarian presidents on 2-3 February in the Venezuelan city of Cumana to mark the 200th birthday anniversary of Marshal Antonio Jose de Sucre.

The Peruvian president was unable to attend this summit due to the incidents on the Ecuadoran border.

The Cumana Declaration reiterates "support for the principle of self-determination of nations; respect for human rights, dignity, and sovereignty; independence and territorial integrity of states and international commitments; and for peaceful solutions to controversies."

The conclusions of the meeting held by the presidents of Venezuela, Colombia, Ecuador, Bolivia, and Panama seek to strengthen integration ties and cooperation in search for economic development and social welfare for these countries, as well as to struggle against the illegal use and trafficking of drugs and all forms of terrorism.

President Fujimori signed the declaration during a ceremony at the Grau Hall of Government House in the presence of Venezuelan Ambassador to Peru Horacio Arteaga Acosta, and the president of the Council of Ministers and Foreign Minister Efrain Goldenberg.

Presidential Candidate Resigns, Recants as 'Strategy'

PY2302213695 Lima EL COMERCIO in Spanish 21 Jan 95 p A4

[FBIS Translated Excerpt] Luis Caceres Velasquez yesterday stated that he will not give up his candidacy for the presidency of the Republic. He added that the announcement of his resignation (made three days ago) was only a strategy planned by him and his advisers to avoid a probable judicial action.

In the courts of Arequipa, Caceres is facing several lawsuits as a consequence of several accusations made by citizens presumably affected by his decisions when he was provincial mayor of that town. [passage omitted]

Uruguay

Polish President Walesa Arrives for Short Visit

PY2302151995 Madrid EFE in Spanish 1428 GMT 23 Feb 95

[FBIS Translated Text] Montevideo, 23 Feb (EFE)—Polish President Lech Walesa arrived today in Uruguay for a short official visit within the framework of his tour of Mercosur [Common Market of the South] member countries. He is the first Polish president to tour Latin America.

Walesa heads a delegation of ministers, entrepreneurs, and his wife, Danuta.

The Polish president, who won the 1983 Novel peace prize, was received at the Carrasco International Airport by his Uruguayan counterpart Luis Alberto Lacalle with whom he will meet later this morning.

Shortly afterward, Walesa will meet with President-elect Julio Maria Sanguinetti who will be inaugurated on 1 March.

The visit of the Polish head of state, which will last a little more than six hours, is the third stop of his Latin American tour that included Brazil and Argentina in the past few days. It will continue through Paraguay, the fourth Mercosur country, and Chile.

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Ends Visit, Leaves for Chile

PY2402010395 Madrid EFE in Spanish 2054 GMT 23 Feb 95

[FBIS Translated Excerpt] Montevideo, 23 Feb (EFE)—Having concluded a brief state visit to Uruguay, Polish President Lech Walesa has traveled to Santiago, Chile—the fifth and last leg in his tour of South America.

In Uruguay, Walesa met with Uruguayan President Luis Alberto Lacalle and President-elect Julio Maria Sanguinetti, who will be inaugurated on 1 March. [passage omitted]

Venezuela

Minister Denies Measures Against Air Traffic Controllers

PA2302200895 Caracas Venezolana de Television Network in Spanish 0200 GMT 22 Feb 95

[From "The News" newscast—passages within quotations are recorded]

[FBIS Translated Text] In a statement given on the government-air traffic controller situation, Defense Minister General Moises Orozco Graterol said negotiations to release those controllers who were arrested on 19 February began on the afternoon of 20 February. He also used the opportunity to deny charges of repressive acts against air traffic controllers:

[Orozco] "We have never taken any police measures against controllers. Only four of them were arrested, and two have already been released. These controllers were arrested for an investigation into an act of sabotage involving the computer at the Maiquetia Airport Control Center.

[Unidentified reporter] "Any searches and [words indistinct]?

[Orozco] "Not at all.

[Reporter] "[Words indistinct] are at the commercial airports, who is responsible for the security of Venezuelans?

[Orozco] "The (?controllers)."

Transport and Communications Minister Antonio Corrales categorically denied that the government owes anything to air traffic controllers. Corrales listened to the proposals made by the members of the congressional administration and services commission and answered the concerns expressed one by one by congressmen. The legislators' concerns focused on two aspects: labor demands and air security.

[Corrales] "The government does not owe controllers one penny. In addition, controllers and the unions irresponsibly left their posts.

[Reporter] "What are you offering them to return to their posts?

[Corrales] "They must return to their posts."

Congressmen are optimistic and believe the problem must be resolved promptly. To do so, they offered their help to the national government:

[Edgar Flores, president of the Senate Administration and Services Commission] "We will appoint a commission to study, jointly with the government, the immediate budget requirements we must meet and implement to begin resolving this crisis.

[Aristides Hospedales, president of the Deputies Administration and Services Commission] "Let us not refer to this problem as a dead-end conflict. I believe we must resume a dialogue at this time. The government must demonstrate its capability of holding a dialogue so the government and the air traffic controllers, with congressional mediation, can sit at the negotiations table again and so we can achieve, within the shortest period of time, the normalization of all air activity in the country."

The conflicting parts must reach an agreement, because the country should not be brought to a standstill. We must also keep in mind, however, that air security should not be affected by either a crisis or underdevelopment.

Roundup of Economic Developments

PA2302223095

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 21 February.

Venezuela and the FRG yesterday signed an agreement to prevent double taxation. If the parliaments of the two countries approve the document, Venezuelan and German companies or individuals will pay taxes only in the country where they reside. German Ambassador to Venezuela Wilfried Richter said that German investments could increase with the signing of this agreement. "German investments were very low in 1994 due to the legal insecurity and to the foreign exchange control, but now we have good opportunities for coal investments in Zulia State," Ambassador Richter pointed out. German investments currently amount to approximately $500 million, 99 percent of which were invested in Venezuelan Petroleum, Inc. (Caracas ECONOMIA HOY in Spanish 9 Feb 95 p 20)

According to a Caracas, 10 February report, the Foreign Investments Authority, Siex, today reported that foreign investments amounted to $29 million in January, 897 percent more than in January 1993. The Siex indicated that Aruba was the main investor as it invested $10 million in Venezuela. Meanwhile, Siex Director Tabeila Brizuela pointed out that nine local companies are issuing American Depository Receipts, ADR, and American Depository Securities, ADS, which allow U.S. investors to receive their gains in dollars. (Mexico City NOTIMEX in Spanish 2349 GMT 10 Feb 95)

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According to unofficial figures obtained by ECONOMIA HOY, Caroni Aluminum, Inc., Alcasa, lost 28.789 billion bolivares in 1994, 77 percent more than the previous year, when its losses amounted to 16.185 billion bolivares. These losses failed to reflect the increase in total revenues. By late December 1994, the revenues of this Venezuelan Guayana Corporation, CVG, subsidiary totalled 38.271 billion bolivares. Alcasa's foreign exchange losses totalled 23.404 billion bolivares in 1994. (Caracas ECONOMIA HOY in Spanish 14 Feb 95 p 15)

Colombia's Cattlemen Bank (Banco Ganadero) is the first bank from that sister nation to purchase 50 percent of the Union Bank stock, following an agreement with the shareholders and a decision to increase the bank's capital by 6 billion bolivares to 10 billion bolivares. Its assets now amount to $16 billion bolivares. Cattlemen Bank Vice President Manuel Roberto Manotas confirmed the purchase in Santa Fe de Bogota. Meanwhile, Noris Aguirre, Deposit Guarantee and Banking Protection Fund, Fogade, president, assured the Union Bank is holding 19 billion bolivares worth of state securities, zero-coupon and state bonds. (Caracas ECONOMIA HOY in Spanish 15 Feb 95 p 11)

According to a Caracas, 15 February report, the Energy and Mines Ministry today reported that the Venezuelan mining sector's revenues totalled $5.325 million in 1994, a 54.7 percent increase compared to the previous year's revenues. The official report stated that iron production increased by 35.7 percent and gold production by 20.4 percent. The state collected 1.0991 billion bolivares in tapping operations taxes. (Paris AFP in Spanish 1744 GMT 15 Feb 95)

According to figures released by the National Integrated Service for Tax Administration, Seniat, customs revenues amounted to approximately 129.429 billion bolivares in 1994, 27.7 percent more than in 1993. Of this amount, 115.705 billion bolivares correspond to import rights, 13.602 billion bolivares to customs tariffs, and 121 billion bolivares to customs fines. (Caracas ECONOMIA HOY in Spanish 18 Feb 95 p 5)

Credit portfolios had increased by 20.731 billion bolivares by late January 1995, while securities investments dropped by 11.217 billion bolivares during the same period. These figures were gathered from financial statements issued by 35 commercial banks. Total deposits amounted to 2.215 trillion bolivares, 839.800 billion of which correspond to checking accounts, 783.025 billion to savings accounts, and 592.396 billion to CD's. The banks whose deposits grew the most are: Latino Bank by 94.268 billion bolivares, Bank of Venezuela by 40.417 billion, Industrial Bank by 22.578 billion, Provincial Bank by 16.284 billion, Citibank by 16.116 billion, and Caribe Bank by 14.146 billion. Meanwhile, credit portfolios amounted to 846.447 billion bolivares and securities investments to 963.504 billion bolivares in January 1995. (Caracas ECONOMIA HOY in Spanish 18 Feb 95 p 8)

The Central Bank of Venezuela, BCV, has reported that its current account balance was 445.662 billion bolivares in January 1995. It also reported that CD's dropped by 121.205 billion bolivares, while checking and savings accounts deposits increased by 87.805 and 61.98 billion bolivares, respectively. In addition, the BCV reported that the cost of basic public services increased by 25 percent in January 1995. (Caracas EL NACIONAL in Spanish 19 Feb 95 p E-4)

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